

## Domestic Fundamentals:

**Market Outlook:** Cotton market noticed mixed tone on Friday.

**In The News:** Gujarat has decided not to give no objection certificate (NOC) for open field trials of any genetically modified food crop including wheat, maize, brinjal and mustard, though it has no problem with the trial of non food crops like cotton. Although Genetic Engineering Appraisal Committee (GEAC), the central regulator, gave nod to the seed companies but it cannot be practiced without getting the NOC from the respective states. Rajasthan, Madhya Pradesh, Chhattisgarh, Bihar, West Bengal, Odisha, Tamil Nadu, Kerala, Andhra Pradesh and Telangana are the other states who denied to provide NOC for open field trial to seed companies. Cotton output in India is likely to be around 6.56 million tonnes, marginally lower this season compared to 6.63 million tonnes in 2013/14, said ICAC in its latest weekly report.

According to International Cotton Advisory Committee (ICAC), prices of cotton are expected to notice two year low in the coming season 2014-15 as a result of 1.8 million ton surplus in cotton production and revised cotton policy of China.

The Cotton Corporation of India (CCI) would execute a new procedure in the current season for lifting cotton from farmers and fixing its price in Telangana. CCI will conduct its operation from Warangal instead of Guntur, on the emergence of new state, Telangana.

Cotton Corporation of India (CCI) invited bids to sell 12,022 F.P. bales of cotton on 30 September 2014. 5,000 bales at Ahmedabad branch, 5,008 bales at Rajkot branch and 2014 bales at Sri-Ganganagar branch were offered for the auction.

As per the latest estimates released by Ministry of Agriculture (MoA), around 126.55 lakh hectare of area has been sown under cotton this year as on September 29, around 10.64% higher than the previous year, when it was 114.37 lakh hectares during the same period.

On the continuous downtrend in the cotton prices over the last few weeks, Cotton Corporation of India (CCI) is preparing itself for procurement of cotton in Telangana, Karnataka, Maharashtra and Odisha. MSP for the long staple cotton is Rs. 35,000 a candy and Rs. 32,500 per candy for medium staple, as announced by government for the year 2013-14. Currently cotton prices are moving in the band of 37,000-38,000 per candy as compared to 40,000 per candy last week.

Annual monsoon in India has started withdrawing from the country's northwest region, said weather official on 23-Sep-2014. The monsoon withdrawal has been delayed due to late revival of rains this month, which has caused flood in some of the regions. According to IMD, country has received 763.1 mm of rainfall till 24 September this year; around 11% lower than the normal rainfall of 858.8 mm.

According to the market participants, cotton production is likely to be around 40 million bales, around 8% higher than the previous year. Deficit rainfall during the Kharif sowing period has forced the farmers to plant cotton instead of the other crops which requires more water, which has stretched the cotton acreage in this season.

According to the first advance estimates for season 2014-15 released by Department of Agriculture and Co-operation, production of cotton is likely to be around 34.62 million bales (of 170 kgs. each), approximately 1.97 million bales lower than the production in season 2013-14, which stood around 36.59 million bales and around 2.02 million tonnes higher when compared to the normal production.

### International Fundamentals:

World production is likely rise by 1% in season 2014/15, according to International Cotton Advisory Committee (ICAC). Output of cotton on the global front would be around 26.24 million tonnes compared to 25.98 million tonnes in 2013/14. Although the first two largest producer of cotton that is China and India are expected to notice fall in the production but the output of USA and Pakistan the other major producer of fibre are likely to produce more, which is making the overall output higher when compared to the previous year.

According to the latest report released by USDA, as on October 05, 2014, 47% of cotton crop in USA is in excellent to good condition compared to 49% percent a week. 73% bolls open has reported in cotton which was 64% last week and 79% as five year average. 15% of cotton harvesting reported which was 10% a week ago and 18% as a 5 year average.

### Outlook

We expect domestic prices to remain sideways to weak in near term.

#### NCDEX Kapas Futures\*: (Prices in Rs/20kg)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-15	3.5	798	804	794.5	801	3033	-1886	9828	3

Spread	Apr-15		
Spot	63	--	--

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)

\*Updated at 5:00 pm on 10 October 2014

#### MCX Cotton Futures\*: (Prices in Rs/170 kgs)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-14	-80	16430	16670	16430	16520	252	-458	1312	-16
Nov-14	-10	16250	16280	16180	16200	239	-755	2310	16
Dec-14	-50	16240	16240	16140	16150	242	-1222	4305	-86

Spread	Oct-14	Nov-14	Dec-14	
Spot	--			
Oct-14		-320		
Nov-14			-50	
Dec-14				--

\* Updated at 5:00 pm on 10 October 2014

**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Market:**

Centre	Variety	Prices		Change
		10-Oct-14	9-Oct-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	--	--	--
Amravati*	Mech-1	4600	4600	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4250	4250	Unch
Rajkot	B.T. Cotton	4320	4385	-65
Patan	B.T. Cotton	4255	4195	60
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	4200	4225	-25
Fazilika	B.T. Cotton	NR	NR	-
Bhiwani	B.T. Cotton	4450	4425	25
Adampur*	B.T. Cotton	4295	4420	-125
Fatehabad	B.T. Cotton	4355	4325	30
Dabwali*	B.T. Cotton	4250	4300	-50
Jind	B.T. Cotton	4450	4420	30
Uchana (Jind)*	B.T. Cotton	NR	NR	-
Rawatsar (Hanumangarh)*	B.T. Cotton	4250	4250	Unch
Hubli	B.T. Cotton	NA	NA	-
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4125	4125	Unch
Gondal	Shankar-6	4280	4280	Unch
	<b>Kapas</b>			
Bijapur	Bunny	4069	4089	-20
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4850	4250	600
	<b>Lint</b>	<b>Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	NA	3600	-
Abohar*	J-34	3530	3535	-5
Muktsar*	J-34	3535	3540	-5
Fazilika	J-34	NR	NR	-
Bhatinda	J-34	3535	3540	-5
Mansa*	J-34	3530	3535	-5
Sirsa*	J-34	3530	3530	Unch
Sri-Ganganagar*	J-34	3290	3323	-33
Hanumangarh	B.T. Cotton	4200	4200	Unch

\*New crop

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		10-Oct-14	9-Oct-14	
Amravati	Mech-1	--	--	--
Amravati*	Mech-1	125	120	5
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	2700	2500	200
Rajkot	B.T. Cotton	3250	2810	440
Patan	B.T. Cotton	7080	6219	861
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	340	298	42
Fazilika	B.T. Cotton	NR	NR	-
Bhiwani	B.T. Cotton	3000	2500	500
Adampur	B.T. Cotton	510	595	-85
Fatehabad	B.T. Cotton	1000	1200	-200
Dabwali	B.T. Cotton	925	500	425
Jind	B.T. Cotton	221	119	102
Uchana (Jind)	B.T. Cotton	NR	NR	-
Rawatsar (Hanumangarh)	B.T. Cotton	100	70	30
Hubli	B.T. Cotton	NA	NA	-
Ahmedabad	Shankar-6	8500	8500	Unch
Gondal	Shankar-6	1040	1020	20
Bijapur	Bunny	106	86	20
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	735	1402	-667
Abohar*	J-34	1020	850	170
Muktsar*	J-34	NA	2890	-
Bhatinda*	J-34	22100	22100	Unch
Mansa	J-34	850	850	Unch
Sirsa*	J-34	2040	1700	340
Sri-Ganganagar*	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	500	100	400

\*New crop

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				9-Oct-14	8-Oct-14	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	37000	37000	Unch
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	37500	37500	Unch
J-34(202)	26mm	3.5 - 4.9	23	32800	32800	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32600	32600	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	33800	33800	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	36000	36000	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	37500	37500	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	45500	45500	Unch

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 10/10/2014**

Index	RMB/Ton	Change
CCIndex(328)	14996	-159
CCIndex(527)	13772	-190
CCIndex(229)	15409	-198

RMB - Renminbi, 1RMB = 0.16 \$U.S.

**Cotlook Index: As on 9/10/2014**

Cotlook Indices	Cents/Pound	Change
A-Index	71.40	-0.05

**USDA Cotton Spot Rates: As on 9/10/2014**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	63.94	67.69	NIL
North Delta	63.44	65.94	NIL
South Delta	63.44	65.94	NIL
East TX-OK	65.50	66.5	1142
West Texas	64.50	65.00	NIL
Desert SW	62.94	69.69	NIL
SJ Valley	63.19	73.09	NIL

Spot quotations are for cotton equal to the official standards, net weight, in mixed lots. Upland quotations are FOB car/truck, which includes compression and any brokerage charges. The upland base quality is color 41, leaf grade 4, staple 34 (1.05 to 1.07), mike 3.5, 3.6 and 4.3 to 4.9, strength 26.5 to 28.4 grams per Tex and uniformity 80.5 to 81.4

**ICE Cotton Futures (Prices in cents/lb.): As on 9/10/2014**

Contract	Open	High	Low	Close	Change
<b>Oct-14</b>	64.55	64.55	64.55	64.55	<b>-0.96</b>
<b>Dec-14</b>	64.85	64.93	63.12	63.94	<b>-0.95</b>
<b>Mar-15</b>	62.74	62.78	61.38	62.27	<b>-0.46</b>
<b>May-15</b>	63.25	63.25	62.35	62.95	<b>-0.38</b>
<b>Jul-15</b>	63.49	63.72	63.06	63.65	<b>-0.29</b>
<b>Oct-15</b>	64.27	64.27	64.27	64.27	<b>-0.15</b>

**Pakistan Cotton Spot rates: As on 9/10/2014 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5100	150	5250
Equivalent	40 Kgs	5466	160	5626

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