

**Domestic Fundamentals:**

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

**In The News:** According to the latest data released by Directorate General of Foreign Trade (DGFT), 96.535 million kgs of cotton yarn been registered for the export during August 2014, which was 104.913 million kgs last year during the same month.

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.

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	--	--	--	--	--	--	--	--	--

Spread	Apr-15		
Spot	--	--	--

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

\*Market Closed

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-14	--	--	--	--	--	--	--	--	--
Nov-14	--	--	--	--	--	--	--	--	--
Dec-14	--	--	--	--	--	--	--	--	--

Spread	Oct-14	Nov-14	Dec-14	
Spot	--			
Oct-14		--		
Nov-14			--	
Dec-14				--

\* Market Closed

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

Centre	Variety	Prices		Change
		11-Oct-14	10-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>	<b>(Rs./Qtl)</b>		
Mahesana(Kadi)	B.T. Cotton	4250	4250	Unch
Rajkot	B.T. Cotton	4290	4320	-30
Patan	B.T. Cotton	NR	4255	-
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	4200	4200	Unch
Fazilika	B.T. Cotton	NR	NR	-
Bhiwani	B.T. Cotton	4480	4450	30
Adampur*	B.T. Cotton	4285	4295	-10
Fatehabad	B.T. Cotton	4330	4355	-25
Dabwali*	B.T. Cotton	4250	4250	Unch
Jind	B.T. Cotton	4500	4450	50
Uchana (Jind)*	B.T. Cotton	NR	NR	-
Rawatsar (Hanumangarh)*	B.T. Cotton	NR	4250	-
Hubli	B.T. Cotton	NA	NA	-
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Ahmedabad	Shankar-6	4075	4125	-50
Gondal	Shankar-6	4300	4280	20
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Bijapur	Bunny	NA	4069	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4350	4850	-500
	<b>Lint</b>	<b>Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	NA	NA	-
Abohar*	J-34	3435	3530	-95
Muktsar*	J-34	3535	3535	Unch
Fazilika	J-34	NR	NR	-
Bhatinda	J-34	3545	3535	10
Mansa*	J-34	3540	3530	10
Sirsa*	J-34	3535	3530	5
Sri-Ganganagar*	J-34	3290	3290	Unch
Hanumangarh	B.T. Cotton	NR	4200	-

\*New crop

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		11-Oct-14	10-Oct-14	
Amravati	Mech-1	--	--	--
Amravati*	Mech-1	110	125	-15
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	5000	2700	2300
Rajkot	B.T. Cotton	3650	3250	400
Patan	B.T. Cotton	NR	7080	-
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	340	340	Unch
Fazilika	B.T. Cotton	NR	NR	-
Bhiwani	B.T. Cotton	3000	3000	Unch
Adampur	B.T. Cotton	510	510	Unch
Fatehabad	B.T. Cotton	1500	1000	500
Dabwali	B.T. Cotton	1050	925	125
Jind	B.T. Cotton	272	221	51
Uchana (Jind)	B.T. Cotton	NR	NR	-
Rawatsar (Hanumangarh)	B.T. Cotton	NR	100	-
Hubli	B.T. Cotton	NA	NA	-
Ahmedabad	Shankar-6	8500	8500	Unch
Gondal	Shankar-6	1060	1040	20
Bijapur	Bunny	NA	106	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	667	735	-68
Abohar*	J-34	1020	1020	Unch
Muktsar*	J-34	NA	2890	-
Bhatinda*	J-34	22100	22100	Unch
Mansa	J-34	1105	850	255
Sirsa*	J-34	1700	2040	-340
Sri-Ganganagar*	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	NR	500	-

\*New crop

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				10-Oct-14	9-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	32900	32800	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32800	32600	200
Shankar-6(105)	29mm	3.5 - 4.9	28	34000	33800	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	36200	36000	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	37700	37500	200
DCH-32(107)	34mm	3.0 - 3.8	33	45500	45500	Unch

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 11/10/2014**

Index	RMB/Ton	Change
CCIndex(328)	14935	-61
CCIndex(527)	13716	-56
CCIndex(229)	15369	-40

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

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

Cotlook Indices	Cents/Pound	Change
A-Index	71.00	-0.40

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

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	64.10	67.85	NIL
North Delta	63.60	66.10	NIL
South Delta	63.60	66.10	NIL
East TX-OK	65.50	66.50	4501
West Texas	64.50	65.00	NIL
Desert SW	63.10	69.85	NIL
SJ Valley	63.35	73.25	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 10/10/2014**

Contract	Open	High	Low	Close	Change
<b>Dec-14</b>	63.94	65.50	63.60	64.10	<b>0.16</b>
<b>Mar-15</b>	62.06	62.97	61.50	61.84	<b>-0.43</b>
<b>May-15</b>	63.11	63.73	62.36	62.76	<b>-0.19</b>
<b>Jul-15</b>	63.93	64.55	63.19	63.62	<b>-0.03</b>
<b>Oct-15</b>	64.38	64.38	64.38	64.38	<b>0.11</b>
<b>Dec-15</b>	65.50	66.16	65.03	65.45	<b>0.23</b>

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

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5200	150	5350
Equivalent	40 Kgs	5573	160	5733

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