

Domestic Fundamentals:

Market Outlook: Cotton market noticed mostly firm tone on Monday.

In The News: According to the United States Department of Agriculture (USDA), India is likely to produce 6.750 million tonnes of cotton this season (Oct'14-Sep'15), unchanged from estimated output of the previous season. World production is likely to be around 25.990 million tonnes this season compared to 26.039 million tonnes previous season.

India is likely to witness drop of 46.8% in the cotton exports this year due to weak global import demand. According to USDA India is expected to export 1.089 million tonnes of cotton this season (Oct'14-Sep'15) compared to 2.047 million tonnes a season before. World cotton export is expected to fall to 7.490 million tonnes in 2014/15 which was 8.908 million tonnes in 2013/14.

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.

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:

China imports are projected to diminish to half this season on announcement of revision on import quota policies. The country is likely to import 1.524 million tonnes of cotton this season 50.4% lower when compared to 3.075 million tonnes in 2013/14.

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	-6.5	801	803	792	793	2592	-441	9564	-264

Spread	Apr-15		
Spot	58	--	--

(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 13 October 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-14	20	16700	16700	16550	16580	256	4	1293	-19
Nov-14	0	16270	16320	16170	16190	372	133	2271	-39
Dec-14	-40	16230	16250	16080	16100	273	31	4382	77

Spread	Oct-14	Nov-14	Dec-14	
Spot	--			
Oct-14		-390		
Nov-14			-90	
Dec-14				--

*Updated at 5:00 pm on 13 October 2014

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		13-Oct-14	11-Oct-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	--	--	--
Amravati*	Mech-1	NR	4600	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas	(Rs./Qtl)		
Mahesana(Kadi)	B.T. Cotton	4250	4250	Unch
Rajkot	B.T. Cotton	4255	4290	-35
Patan	B.T. Cotton	4255	NR	-
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	4200	4200	Unch
Fazilika	B.T. Cotton	NR	NR	-
Bhiwani	B.T. Cotton	4500	4480	20
Adampur*	B.T. Cotton	4410	4285	125
Fatehabad	B.T. Cotton	4380	4330	50
Dabwali*	B.T. Cotton	4285	4250	35
Jind	B.T. Cotton	4560	4500	60
Uchana (Jind)*	B.T. Cotton	NR	NR	-
Rawatsar (Hanumangarh)*	B.T. Cotton	4200	NR	-
Hubli	B.T. Cotton	NA	NA	-
	Kapas	(Rs./Qtl)		
Ahmedabad	Shankar-6	4150	4075	75
Gondal	Shankar-6	4305	4300	5
	Kapas	(Rs./Qtl)		
Bijapur	Bunny	4091	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4300	4350	-50
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	NA	NA	-
Abohar*	J-34	3580	3435	145
Muktsar*	J-34	3585	3535	50
Fazilika	J-34	NR	NR	-
Bhatinda	J-34	3585	3545	40
Mansa*	J-34	3575	3540	35
Sirsa*	J-34	3550	3535	15
Sri-Ganganagar*	J-34	3337	3290	47
Hanumangarh	B.T. Cotton	4270	NR	-

*New crop

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		13-Oct-14	11-Oct-14	
Amravati	Mech-1	--	--	--
Amravati*	Mech-1	NR	110	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	3500	5000	-1500
Rajkot	B.T. Cotton	4100	3650	450
Patan	B.T. Cotton	11400	NR	-
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	340	340	Unch
Fazilika	B.T. Cotton	NR	NR	-
Bhiwani	B.T. Cotton	4000	3000	1000
Adampur	B.T. Cotton	595	510	85
Fatehabad	B.T. Cotton	1000	1500	-500
Dabwali	B.T. Cotton	1150	1050	100
Jind	B.T. Cotton	255	272	-17
Uchana (Jind)	B.T. Cotton	NR	NR	-
Rawatsar (Hanumangarh)	B.T. Cotton	200	NR	-
Hubli	B.T. Cotton	NA	NA	-
Ahmedabad	Shankar-6	11900	8500	3400
Gondal	Shankar-6	1021	1060	-39
Bijapur	Bunny	101	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	980	667	313
Abohar*	J-34	1360	1020	340
Muktsar*	J-34	NA	NA	-
Bhatinda*	J-34	22100	22100	Unch
Mansa	J-34	1360	1105	255
Sirsa*	J-34	1700	1700	Unch
Sri-Ganganagar*	J-34	595	510	-
Hanumangarh	B.T. Cotton	1000	NR	-

*New crop

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				11-Oct-14	10-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	33000	32900	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32800	32800	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	34000	34000	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	36200	36200	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	37700	37700	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	45500	45500	Unch

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 13/10/2014

Index	RMB/Ton	Change
CCIndex(328)	14885	-50
CCIndex(527)	13700	-16
CCIndex(229)	15322	-47

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
Dec-14	63.94	65.50	63.60	64.10	0.16
Mar-15	62.06	62.97	61.50	61.84	-0.43
May-15	63.11	63.73	62.36	62.76	-0.19
Jul-15	63.93	64.55	63.19	63.62	-0.03
Oct-15	64.38	64.38	64.38	64.38	0.11
Dec-15	65.50	66.16	65.03	65.45	0.23

Pakistan Cotton Spot rates: As on 11/10/2014 (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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