

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone on Tuesday.

In The News: Cotton production in India during the current season (Oct'14-Sep'15), would be around 400 lakh bales (of 170 kgs. each), as estimated by consultative committee of the Cotton Advisory Board (CAB). According to the latest estimates of Agriwatch, output of cotton in the country would stand around 395 lakh bales compared to 366 lakh bales in previous season.

YSR congress party (YSRCP) has requested centre and Telangana Government to raise the cotton MSP to Rs. 5,500 per quintal and urged to procure cotton through Cotton Corporation of India (CCI) or the government authorised agencies in order to eliminate middle man margins.

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.

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.

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	3	794	798	793	796.5	1424	-1168	9318	-246

Spread	Apr-15		
Spot	61.5	--	--

(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 14 October 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-14	10	16610	16660	16560	16580	148	-108	1260	-33
Nov-14	30	16240	16330	16240	16280	117	-255	2232	-39
Dec-14	50	16140	16190	16120	16160	133	-140	4405	23

Spread	Oct-14	Nov-14	Dec-14	
Spot	--			
Oct-14		-300		
Nov-14			-120	
Dec-14				--

*Updated at 5:00 pm on 14 October 2014

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		14-Oct-14	13-Oct-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	-	-	-
Amravati*	Mech-1	NR	NR	-
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	4290	4255	35
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	4470	4500	-30
Adampur*	B.T. Cotton	4430	4410	20
Fatehabad	B.T. Cotton	4375	4380	-5
Dabwali*	B.T. Cotton	4265	4285	-20
Jind	B.T. Cotton	NR	4560	-
Uchana (Jind)*	B.T. Cotton	NR	NR	-
Rawatsar (Hanumangarh)*	B.T. Cotton	4200	4200	Unch
Hubli	B.T. Cotton	NA	NA	-
	Kapas	(Rs./Qtl)		
Ahmedabad	Shankar-6	4175	4150	25
Gondal	Shankar-6	4330	4305	25
	Kapas	(Rs./Qtl)		
Bijapur	Bunny	4079	4091	-12
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4300	4300	Unch
Guntur	Un-Ginned	4500	NA	-
Kurnool	Un-Ginned	--	4300	-
Krishna	Un-Ginned	4000	NA	-
East Godavari	Un-Ginned	4000	4000	Unch
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	NA	NA	-
Abohar*	J-34	3560	3580	-20
Muktsar*	J-34	3565	3585	-20
Fazilika	J-34	NR	NR	-
Bhatinda	J-34	3570	3585	-15
Mansa*	J-34	3565	3575	-10

Sirsa*	J-34	3550	3550	Unch
Sri-Ganganagar*	J-34	3337	3337	Unch
Hanumangarh	B.T. Cotton	4280	4270	10

*New crop

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		14-Oct-14	13-Oct-14	
Amravati	Mech-1	--	--	--
Amravati*	Mech-1	NR	NR	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	5000	3500	1500
Rajkot	B.T. Cotton	4025	4100	-75
Patan	B.T. Cotton	11400	11400	Unch
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	213	340	-127
Fazilika	B.T. Cotton	NR	NR	-
Bhiwani	B.T. Cotton	3000	4000	-1000
Adampur	B.T. Cotton	510	595	-85
Fatehabad	B.T. Cotton	2000	1000	1000
Dabwali	B.T. Cotton	350	1150	-800
Jind	B.T. Cotton	128	255	-127
Uchana (Jind)	B.T. Cotton	NR	NR	-
Rawatsar (Hanumangarh)	B.T. Cotton	150	200	-50
Hubli	B.T. Cotton	NA	NA	-
Ahmedabad	Shankar-6	13600	11900	1700
Gondal	Shankar-6	1023	1021	2
Bijapur	Bunny	480	101	379
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	1072	980	92
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar*	J-34	1190	1360	-170
Muktsar*	J-34	NA	NA	-
Bhatinda*	J-34	20400	22100	-1700
Mansa	J-34	850	1360	-510

Sirsa*	J-34	850	1700	-850
Sri-Ganganagar*	J-34	595	595	Unch
Hanumangarh	B.T. Cotton	1500	1000	500

*New crop

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				13-Oct-14	11-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	33200	33000	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32700	32800	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	33800	34000	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	36100	36200	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	37600	37700	-100
DCH-32(107)	34mm	3.0 - 3.8	33	45500	45500	Unch

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 14/10/2014

Index	RMB/Ton	Change
CCIndex(328)	14862	-23
CCIndex(527)	13692	-8
CCIndex(229)	15277	-45

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

Cotlook Index: As on 13/10/2014

Cotlook Indices	Cents/Pound	Change
A-Index	70.70	-0.30

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 13/10/2014

Contract	Open	High	Low	Close	Change
Dec-14	64.25	65.41	64.14	65.02	0.92
Mar-15	62.02	62.75	61.77	62.50	0.66
May-15	63.15	63.59	62.94	63.44	0.68
Jul-15	64	64.5	63.64	64.31	0.69
Oct-15	65.07	65.07	65.07	65.07	0.69
Dec-15	65.67	66.23	65.54	66.19	0.74

Pakistan Cotton Spot rates: As on 13/10/2014 (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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