

**Domestic Fundamentals:**

**Market Outlook:** Cotton market noticed overall mixed tone on Wednesday.

Most of the market remained closed due to thin trading activities following state assembly election in Maharashtra and Haryana.

**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:

According to the latest report released by USDA, as on October 12, 2014, 47% of cotton crop in USA is in excellent to good condition, same as previous week. 77% bolls open has reported in cotton which was 73% last week and 85% as five year average. 22% of cotton harvesting reported which was 15% a week ago and 24% as a 5 year average.

Bangladesh is expected to lower its imports from Uzbekistan by 12% in 2014 compared to 2013 up to 175 thousand tons, but it will remain the largest export destination for Uzbekistan. The top importers of Uzbekistan cotton are Bangladesh (35%), China (25%) and South Korea (7%).

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.

### 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	2	794	798.5	793	795.5	2061	637	9363	45

Spread	Apr-15								
Spot	62.5				--		--		

(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 15 October 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-14	10	16610	16660	16550	16580	349	201	1224	-36
Nov-14	-50	16240	16330	16180	16200	288	171	2253	21
Dec-14	10	16140	16190	16110	16120	261	128	4458	53

Spread	Oct-14		Nov-14		Dec-14				
Spot	--								
Oct-14			-380						
Nov-14					-80				
Dec-14							--		

\*Updated at 5:00 pm on 15 October 2014

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

Centre	Variety	Prices		Change
		15-Oct-14	14-Oct-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	-	-	-
Amravati*	Mech-1	NR	NR	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Mahesana(Kadi)	B.T. Cotton	4325	4250	75
Rajkot	B.T. Cotton	NA	4290	-
Patan	B.T. Cotton	4255	NR	-
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	4225	4200	25
Fazilika	B.T. Cotton	4205	NR	-
Bhiwani	B.T. Cotton	NA	4470	-
Adampur*	B.T. Cotton	NA	4430	-
Fatehabad	B.T. Cotton	NA	4375	-
Dabwali*	B.T. Cotton	NA	4265	-
Jind	B.T. Cotton	NA	NR	-
Uchana (Jind)*	B.T. Cotton	NA	NR	-
Rawatsar (Hanumangarh)*	B.T. Cotton	4250	4200	50
Hubli	B.T. Cotton	NA	NA	-
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Ahmedabad	Shankar-6	4175	4175	Unch
Gondal	Shankar-6	4330	4330	Unch
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Bijapur	Bunny	4119	4079	40
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4250	4300	-50
Guntur	Un-Ginned	4500	4500	Unch
Kurnool	Un-Ginned	4300	--	--
Krishna	Un-Ginned	4000	4000	Unch
East Godavari	Un-Ginned	4000	4000	Unch
	<b>Lint</b>	<b>Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	NA	NA	-
Abohar*	J-34	3580	3560	20
Muktsar*	J-34	3580	3565	15
Fazilika	J-34	3580	NR	-
Bhatinda	J-34	3580	3570	10
Mansa*	J-34	3575	3565	10

Sirsa*	J-34	NA	3550	-
Sri-Ganganagar*	J-34	3337	3337	Unch
Hanumangarh	B.T. Cotton	4260	4280	-20

\*New crop

### Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		15-Oct-14	14-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	6000	5000	1000
Rajkot	B.T. Cotton	NA	4025	-
Patan	B.T. Cotton	16000	11400	4600
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	340	213	127
Fazilika	B.T. Cotton	300	NR	-
Bhiwani	B.T. Cotton	NA	3000	-
Adampur	B.T. Cotton	NA	510	-
Fatehabad	B.T. Cotton	NA	2000	-
Dabwali	B.T. Cotton	NA	350	-
Jind	B.T. Cotton	NA	128	-
Uchana (Jind)	B.T. Cotton	NA	NR	-
Rawatsar (Hanumangarh)	B.T. Cotton	300	150	-
Hubli	B.T. Cotton	NA	NA	-
Ahmedabad	Shankar-6	17000	13600	3400
Gondal	Shankar-6	1050	1023	27
Bijapur	Bunny	78	48	30
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	930	1072	-142
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	9	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar*	J-34	850	1190	-340
Muktsar*	J-34	NA	NA	-
Bhatinda*	J-34	13600	20400	-6800
Mansa	J-34	850	850	Unch

Sirsa*	J-34	NA	850	-
Sri-Ganganagar*	J-34	510	595	<b>-85</b>
Hanumangarh	B.T. Cotton	2000	1500	<b>500</b>

\*New crop

### Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				14-Oct-14	13-Oct-14	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	37000	37000	<b>Unch</b>
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	37500	37500	<b>Unch</b>
J-34(202)	26mm	3.5 - 4.9	23	33000	33200	<b>-200</b>
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32500	32700	<b>-200</b>
Shankar-6(105)	29mm	3.5 - 4.9	28	33800	33800	<b>Unch</b>
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	36000	36100	<b>-100</b>
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	37000	37600	<b>-600</b>
DCH-32(107)	34mm	3.0 - 3.8	33	45000	45500	<b>-500</b>

### INTERNATIONAL PRICES AND INDICES

#### China Cotton Index: As on 15/10/2014

Index	RMB/Ton	Change
CCIndex(328)	14797	<b>-65</b>
CCIndex(527)	13683	<b>-9</b>
CCIndex(229)	15265	<b>-12</b>

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

#### Cotlook Index: As on 14/10/2014

Cotlook Indices	Cents/Pound	Change
A-Index	71.20	<b>0.50</b>

#### USDA Cotton Spot Rates: As on 14/10/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	64.16	67.91	<b>622</b>
North Delta	63.91	66.41	<b>350</b>
South Delta	63.91	66.41	<b>4280</b>
East TX-OK	65.00	66.00	<b>2590</b>
West Texas	64.00	64.50	<b>NIL</b>
Desert SW	63.16	69.91	<b>NIL</b>
SJ Valley	63.41	73.31	<b>NIL</b>

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 14/10/2014**

Contract	Open	High	Low	Close	Change
<b>Dec-14</b>	65.3	65.65	64.01	64.16	<b>-0.86</b>
<b>Mar-15</b>	62.67	62.98	61.91	62.05	<b>-0.45</b>
<b>May-15</b>	63.61	63.84	62.84	62.95	<b>-0.49</b>
<b>Jul-15</b>	64.51	64.74	63.68	63.80	<b>-0.51</b>
<b>Oct-15</b>	64.52	64.52	64.52	64.52	<b>-0.55</b>
<b>Dec-15</b>	66.45	66.45	65.58	65.63	<b>-0.56</b>

**Pakistan Cotton Spot rates: As on 14/10/2014 (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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