

Domestic Fundamentals:

Market Outlook: Cotton market noticed overall steady tone on Thursday.

In The News: 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 October 10, around 10.64% higher than the previous year, when it was 114.37 lakh hectares during the same period.

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.

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	8	800	804.5	795	803.5	2953	892	9596	233

Spread	Apr-15								
Spot	43.5				--		--		

(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 16 October 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-14	10	16650	16650	16500	16590	285	-64	1149	-75
Nov-14	-90	16220	16230	16030	16110	336	48	2261	8
Dec-14	-40	16120	16120	16020	16080	376	115	4518	60

Spread	Oct-14		Nov-14		Dec-14				
Spot	--								
Oct-14			-480						
Nov-14					-30				
Dec-14							--		

*Updated at 5:00 pm on 16 October 2014

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		16-Oct-14	15-Oct-14	
	Kapas	(Rs./Qtl)		
Amravati*	Mech-1	4400	NA	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas	(Rs./Qtl)		
Mahesana(Kadi)	B.T. Cotton	4250	4325	-75
Rajkot	B.T. Cotton	4235	NA	-
Patan	B.T. Cotton	4210	4255	-45
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	4250	4225	25
Fazilika	B.T. Cotton	4250	4205	45
Bhiwani	B.T. Cotton	3560	NA	-
Adampur*	B.T. Cotton	4440	NA	-
Fatehabad	B.T. Cotton	4375	NA	-
Dabwali*	B.T. Cotton	4250	NA	-
Jind	B.T. Cotton	4450	NA	-
Uchana (Jind)*	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)*	B.T. Cotton	4250	4250	Unch
Hubli	B.T. Cotton	NA	NA	-
	Kapas	(Rs./Qtl)		
Ahmedabad	Shankar-6	4250	4175	75
Gondal	Shankar-6	4330	4330	Unch
	Kapas	(Rs./Qtl)		
Bijapur	Bunny	NA	4119	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4866	4250	616
Guntur	Un-Ginned	4500	4500	Unch
Kurnool	Un-Ginned	4300	4300	Unch
Krishna	Un-Ginned	4000	4000	Unch
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	3560	3580	-20
Fazilika	J-34	3580	3580	Unch
Bhatinda	J-34	3560	3580	-20
Mansa*	J-34	3550	3575	-25
Sirsa*	J-34	3550	NA	-

Sri-Ganganagar*	J-34	3314	3337	-23
Hanumangarh	B.T. Cotton	4290	4260	30

*New crop

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		16-Oct-14	15-Oct-14	
Amravati*	Mech-1	NR	NR	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	5000	6000	-1000
Rajkot	B.T. Cotton	6425	NA	-
Patan	B.T. Cotton	19622	16000	3622
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	510	340	170
Fazilika	B.T. Cotton	600	300	300
Bhiwani	B.T. Cotton	5000	NA	-
Adampur	B.T. Cotton	595	NA	-
Fatehabad	B.T. Cotton	2000	NA	-
Dabwali	B.T. Cotton	950	NA	-
Jind	B.T. Cotton	332	NA	-
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	250	300	-50
Hubli	B.T. Cotton	NA	NA	-
Ahmedabad	Shankar-6	17000	17000	Unch
Gondal	Shankar-6	2531	1050	1481
Bijapur	Bunny	NA	78	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	1192	930	262
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	8	9	-1
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar*	J-34	1700	850	850
Muktsar*	J-34	NA	NA	-
Bhatinda*	J-34	13600	13600	Unch
Mansa	J-34	935	850	85
Sirsa*	J-34	1190	NA	-

Sri-Ganganagar*	J-34	NA	510	-
Hanumangarh	B.T. Cotton	2000	2000	Unch

*New crop

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				15-Oct-14	14-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	33200	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32500	32700	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	33800	33800	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	36000	36100	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	37000	37600	-600
DCH-32(107)	34mm	3.0 - 3.8	33	45000	45500	-500

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 15/10/2014

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

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

Cotlook Index: As on 15/10/2014

Cotlook Indices	Cents/Pound	Change
A-Index	70.60	-0.60

USDA Cotton Spot Rates: As on 15/10/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	63.96	67.71	3112
North Delta	63.46	65.96	921
South Delta	63.46	65.96	264
East TX-OK	64.25	65.25	2601
West Texas	63.25	63.75	23
Desert SW	62.71	69.46	NIL
SJ Valley	62.96	72.86	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 15/10/2014

Contract	Open	High	Low	Close	Change
Dec-14	64.38	64.46	63.29	63.71	-0.45
Mar-15	62.26	62.41	61.20	61.77	-0.28
May-15	63.31	63.31	62.15	62.59	-0.36
Jul-15	63.90	63.90	63.10	63.42	-0.38
Oct-15	64.14	64.14	64.14	64.14	-0.38
Dec-15	65.05	65.40	64.91	65.07	-0.56

Pakistan Cotton Spot rates: As on 15/10/2014 (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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