

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone on Friday.

In The News: According to latest weekly update by International Cotton Advisory Committee (ICAC), cotton production in India would stand around 6.56 million tonnes in the current season (Oct'14-Sep'15) compared to 6.634 million tonnes in the previous season.

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.

International Fundamentals:

Cotton output in West Africa is likely to surge by 19 percent to 25.70 lakh tonnes for the season 2014/15 as government has fixed high prices for the commodity, which has attracted more growers, as revealed by data compiled by Reuters.

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	-5	805	806	799.5	800	1888	-1065	9296	-300

Spread	Apr-15		
Spot	52	--	--

(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 17 October 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-14	-120	16540	16550	16410	16420	198	-87	1067	-82
Nov-14	-130	16230	16230	16080	16080	191	-145	2125	-136
Dec-14	-110	16100	16100	16000	16000	164	-212	4612	94

Spread	Oct-14	Nov-14	Dec-14	
Spot	--			
Oct-14		-340		
Nov-14			-80	
Dec-14				--

*Updated at 5:00 pm on 17 October 2014

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		17-Oct-14	16-Oct-14	
	Kapas	(Rs./Qtl)		
Amravati*	Mech-1	4500	4400	-100
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas	(Rs./Qtl)		
Mahesana(Kadi)	B.T. Cotton	4300	4250	50
Rajkot	B.T. Cotton	4260	4235	25
Patan	B.T. Cotton	4255	4210	45
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	4250	4250	Unch
Fazilika	B.T. Cotton	4200	4250	-50
Bhiwani	B.T. Cotton	4400	4450	-50
Adampur*	B.T. Cotton	4340	4440	-100
Fatehabad	B.T. Cotton	4300	4375	-75
Dabwali*	B.T. Cotton	NA	4250	-
Jind	B.T. Cotton	4500	4450	50
Uchana (Jind)*	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)*	B.T. Cotton	4200	4250	-50
Hubli	B.T. Cotton	NA	NA	-
	Kapas			
Ahmedabad	Shankar-6	4250	4250	Unch
Gondal	Shankar-6	4280	4330	-50
	Kapas			
Bijapur	Bunny	4170	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4225	4866	-641
Guntur	Un-Ginned	4000	4500	-500
Kurnool	Un-Ginned	3750	4300	-550
Krishna	Un-Ginned	4000	4000	Unch
East Godavari	Un-Ginned	4000	4000	Unch
	Lint			
Abohar	J-34	NA	NA	-
Abohar*	J-34	3540	3560	-20
Muktsar*	J-34	3545	3560	-15
Fazilika	J-34	3580	3580	Unch
Bhatinda	J-34	4045	3560	485
Mansa*	J-34	3550	3550	Unch
Sirsa*	J-34	3510	3550	-40

Sri-Ganganagar*	J-34	3290	3314	-24
Hanumangarh	B.T. Cotton	4200	4290	-90

*New crop

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		17-Oct-14	16-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	10000	5000	5000
Rajkot	B.T. Cotton	3650	6425	-2775
Patan	B.T. Cotton	21465	19622	1843
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	425	510	-85
Fazilika	B.T. Cotton	500	600	-100
Bhiwani	B.T. Cotton	5000	5000	Unch
Adampur	B.T. Cotton	510	595	-85
Fatehabad	B.T. Cotton	1000	2000	-1000
Dabwali	B.T. Cotton	NA	950	-
Jind	B.T. Cotton	272	332	-60
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	2300	250	2050
Hubli	B.T. Cotton	NA	NA	-
Ahmedabad	Shankar-6	17000	17000	Unch
Gondal	Shankar-6	1505	2531	-1026
Bijapur	Bunny	68	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	1430	1192	238
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	8	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar*	J-34	1870	1700	170
Muktsar*	J-34	NA	NA	-
Bhatinda*	J-34	20400	13600	6800
Mansa	J-34	1020	935	85
Sirsa*	J-34	1700	1190	510

Sri-Ganganagar*	J-34	NA	NA	-
Hanumangarh	B.T. Cotton	2300	2000	300

*New crop

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				16-Oct-14	14-Oct-14	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	37400	37000	400
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	37900	37500	400
J-34(202)	26mm	3.5 - 4.9	23	32800	33000	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32200	32500	-300
Shankar-6(105)	29mm	3.5 - 4.9	28	33700	33800	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35700	36000	-300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36700	37000	-300
DCH-32(107)	34mm	3.0 - 3.8	33	44500	45000	-500

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 17/10/2014

Index	RMB/Ton	Change
CCIndex(328)	14785	-7
CCIndex(527)	13668	-8
CCIndex(229)	15240	-5

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

Cotlook Index: As on 16/10/2014

Cotlook Indices	Cents/Pound	Change
A-Index	70.30	-0.30

USDA Cotton Spot Rates: As on 16/10/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	63.81	67.56	542
North Delta	63.31	65.81	Unch
South Delta	63.31	65.81	1117
East TX-OK	64.00	65.00	492
West Texas	63.00	63.50	Unch
Desert SW	62.56	69.31	Unch
SJ Valley	62.81	72.71	Unch

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 16/10/2014

Contract	Open	High	Low	Close	Change
Dec-14	63.71	64.19	63.46	63.56	-0.15
Mar-15	61.75	62.19	61.55	61.71	-0.06
May-15	62.66	62.90	62.30	62.43	-0.16
Jul-15	63.49	63.54	63.10	63.16	-0.26
Oct-15	63.88	63.88	63.88	63.88	-0.26
Dec-15	65.15	65.15	64.79	64.82	-0.25

Pakistan Cotton Spot rates: As on 16/10/2014 (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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