

Domestic Fundamentals:

Market Outlook: Cotton market noticed weak tone on Saturday.

In The News: In Warangal (Khammam division), Cotton Corporation of India (CCI) refuses to procure cotton on high moisture content and farmers sold their produce to private traders at Rs.3500 per quintal against the MSP of Rs.4050 per quintal. Daily Arrivals are picking up pace with over 15000 bags of cotton reported in local market in last two days.

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.

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	-	-	-	-	-	-	-	-	-

Spread	Apr-15		
Spot	-	-	-

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)

* Market Closed

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-14	-	-	-	-	-	-	-	-	-
Nov-14	-	-	-	-	-	-	-	-	-
Dec-14	-	-	-	-	-	-	-	-	-

Spread	Oct-14	Nov-14	Dec-14	
Spot	-	-	-	-
Oct-14	-	-	-	-
Nov-14	-	-	-	-
Dec-14	-	-	-	-

*Market Closed

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		18-Oct-14	17-Oct-14	
	Kapas	(Rs./Qtl)		
Amravati*	Mech-1	4500	4500	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas	(Rs./Qtl)		
Mahesana(Kadi)	B.T. Cotton	4325	4300	25
Rajkot	B.T. Cotton	4325	4260	65
Patan	B.T. Cotton	4195	4255	-60
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	4050	4250	-200
Fazilika	B.T. Cotton	4020	4200	-180
Bhiwani	B.T. Cotton	4250	4400	-150
Adampur*	B.T. Cotton	4200	4340	-140
Fatehabad	B.T. Cotton	4150	4300	-150
Dabwali*	B.T. Cotton	4070	NA	-
Jind	B.T. Cotton	4260	4500	-240
Uchana (Jind)*	B.T. Cotton	NR	NR	-
Rawatsar (Hanumangarh)*	B.T. Cotton	NR	4200	-
Hubli	B.T. Cotton	NA	NA	-
	Kapas			
Ahmedabad	Shankar-6	4150	4250	-100
Gondal	Shankar-6	4255	4280	-25
	Kapas			
Bijapur	Bunny	NA	4170	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4220	4225	-5
Guntur	Un-Ginned	NA	4000	-
Kurnool	Un-Ginned	NA	3750	-
Krishna	Un-Ginned	4000	4000	Unch
East Godavari	Un-Ginned	4000	4000	Unch
	Lint			
Abohar	J-34	NA	NA	-
Abohar*	J-34	3465	3540	-75
Muktsar*	J-34	3575	3545	30
Fazilika	J-34	3450	3580	-130
Bhatinda	J-34	3475	3545	-70
Mansa*	J-34	3450	3550	-100
Sirsa*	J-34	3410	3510	-100

Sri-Ganganagar*	J-34	3243	3290	-47
Hanumangarh	B.T. Cotton	4000	4200	-200

*New crop

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		18-Oct-14	17-Oct-14	
Amravati	Mech-1	-	-	-
Amravati*	Mech-1	100	75	25
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	12500	10000	2500
Rajkot	B.T. Cotton	4025	3650	375
Patan	B.T. Cotton	23580	21465	2115
Deesa	B.T. Cotton	NR	NR	-
Muktsar	B.T. Cotton	510	425	85
Fazilika	B.T. Cotton	2000	500	1500
Bhiwani	B.T. Cotton	2000	5000	-3000
Adampur	B.T. Cotton	510	510	Unch
Fatehabad	B.T. Cotton	1000	1000	Unch
Dabwali	B.T. Cotton	800	NR	-
Jind	B.T. Cotton	68	272	-204
Uchana (Jind)	B.T. Cotton	NR	NR	-
Rawatsar (Hanumangarh)	B.T. Cotton	NR	2300	-
Hubli	B.T. Cotton	NA	NA	-
Ahmedabad	Shankar-6	17000	17000	Unch
Gondal	Shankar-6	2400	1505	895
Bijapur	Bunny	NA	68	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	1425	1430	-5
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar*	J-34	2040	1870	170
Muktsar*	J-34	NA	NA	-
Bhatinda*	J-34	27200	20400	6800
Mansa	J-34	1360	1020	340
Sirsa*	J-34	1700	1700	Unch

Sri-Ganganagar*	J-34	1700	NA	-
Hanumangarh	B.T. Cotton	3000	2300	700

*New crop

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				17-Oct-14	16-Oct-14	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	37200	37400	-200
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	37700	37900	-200
J-34(202)	26mm	3.5 - 4.9	23	32100	32800	-700
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31900	32200	-300
Shankar-6(105)	29mm	3.5 - 4.9	28	33400	33700	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35400	35700	-300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	37000	36700	300
DCH-32(107)	34mm	3.0 - 3.8	33	43900	44500	-600

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 17/10/2014

Cotlook Indices	Cents/Pound	Change
A-Index	70.20	-0.10

USDA Cotton Spot Rates: As on 17/10/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	63.25	67.00	3847
North Delta	62.75	65.25	NIL
South Delta	62.75	65.25	NIL
East TX-OK	64.00	65.00	2551
West Texas	63.00	63.50	212
Desert SW	62.00	68.75	NIL
SJ Valley	62.25	72.15	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 17/10/2014

Contract	Open	High	Low	Close	Change
Dec-14	63.73	64.14	62.96	63.00	-0.56
Mar-15	61.78	62.11	61.42	61.73	0.02
May-15	62.83	62.83	62.18	62.63	0.20
Jul-15	63.48	63.61	62.93	63.50	0.34
Oct-15	64.27	64.27	64.27	64.27	0.39
Dec-15	64.85	65.20	64.73	65.11	0.29

Pakistan Cotton Spot rates: As on 17/10/2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5200	155	5355
Equivalent	40 Kgs	5573	155	5728

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