

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone on Monday.

In The News: India exports of Textile and Apparel to USA has surged by 7% during January-August 2014, according to US Department of Commerce's Office of Textiles and Apparel (OTEXA) data. The same has noticed the annual growth of 2% in last five year. India has exported textile and apparel to USA valued USD 4.54 billion in August this year compared to USD 4.26 billion previous year during the same period.

Cotton Corporation of India (CCI) has not started the procurement of cotton at Adilabad market yard on Monday, as scheduled few days back. CCI official refused to procure cotton at MSP of Rs. 4050 per quintal, due to presence of moisture content beyond the permissible limit of 12%. Farmers had protested for the same as they wish their produce to be sold at MSP without the consideration of moisture, whereas CCI said it would lower Rs.40 from the MSP for every one per cent extra moisture in the produce.

According to the latest report of USDA, countries could face fall in the export of cotton and its products including yarn and textiles due to lack of price competitiveness if they support the policies that support prices above the world market.

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.

International Fundamentals:

China imported around 122,900 tonnes of cotton in September this year, 39% lower when compared to same month last year, reported China Cotton Association (CCA). During the initial nine month of the year, China imported 2 million tonnes of cotton, 38% lower when compared to same period last year.

According to the latest report released by USDA, as on October 19, 2014, 47% of cotton crop in USA is in excellent to good condition, which was 47% last week and 44% a year ago. 86% bolls open has reported in cotton which was 77% last week and 90% as five year average. 29% of cotton harvesting reported which was 22% a week ago and 31% as a 5 year average.

Cotton production in Pakistan is lagging behind the target set for the current season due to flood that has damaged the standing crop badly, said Cotton Crop Assessment Committee (CCAC). Cotton production in the country would stand around 13.539 bales (of 170 kg each) in the season 2014/15 against the target of 15.1 million bales earlier expected by the Government of Pakistan.

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.

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	-0.5	794	797.5	790.5	793.5	3233	1382	10057	739

Spread	Apr-15		
Spot	44.5	-	-

(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 27 Oct 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-14	-100	16200	16260	16130	16150	213	-123	453	-238
Nov-14	-20	15990	15990	15840	15860	526	-103	2258	27
Dec-14	-10	15900	15900	15780	15840	696	240	5300	260
Jan-15	-40	15920	15940	15910	15910	17	-12	29	44
Feb-15	-30	16030	16070	16030	16030	38	-3	41	78

Spread	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Spot	--				
Oct-14		-290			
Nov-14			-20		
Dec-14				70	
Jan-15					120

*Updated at 5:00 pm on 27 Oct 2014

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		27-Oct-14	25-Oct-14	
	Kapas	(Rs./Qtl)		
Amravati*	Mech-1	Closed	Closed	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	4200	Closed	-
Rajkot	B.T. Cotton	NR	NR	-
Patan	B.T. Cotton	Closed	Closed	-
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	4050	Closed	-
Fazilika	B.T. Cotton	3950	NR	-
Bhiwani	B.T. Cotton	4270	4250	20
Adampur*	B.T. Cotton	4180	4150	30
Fatehabad	B.T. Cotton	4175	4160	15
Dabwali*	B.T. Cotton	4065	Closed	-
Jind	B.T. Cotton	4270	4300	-30
Uchana (Jind)*	B.T. Cotton	NR	NR	-
Rawatsar (Hanumangarh)*	B.T. Cotton	4050	Closed	-
Hubli	B.T. Cotton	4089	NA	-
	Kapas	(Rs./Qtl.)		
Ahmedabad	Shankar-6	Closed	Closed	-
Gondal	Shankar-6	NR	NR	-
	Kapas	(Rs/Qtl)		
Bijapur	Bunny	4140	NR	-
Hubli	D.C.H.	4669	NA	-
Raichur	H-44 Cotton	4380	NR	-
Guntur	Un-Ginned	4050	4000	50
Kurnool	Un-Ginned	4250	4250	Unch
Krishna	Un-Ginned	4000	4000	Unch
East Godavari	Un-Ginned	4000	NA	-
	Lint	(Rs./Maund of 37.32kg each)		
Abohar*	J-34	3410	3425	-15
Muktsar*	J-34	3415	Closed	-
Fazilika	J-34	3425	NA	-
Bhatinda	J-34	3415	Closed	-
Mansa*	J-34	3410	3405	5
Sirsa*	J-34	3340	3350	-10
Sri-Ganganagar*	J-34	3130	Closed	-
Hanumangarh	B.T. Cotton	4100	Closed	-

*New crop

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		27-Oct-14	25-Oct-14	
Amravati*	Mech-1	Closed	Closed	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	3000	Closed	-
Rajkot	B.T. Cotton	NR	NR	-
Patan	B.T. Cotton	Closed	Closed	-
Deesa	B.T. Cotton	NR	NR	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	340	Closed	-
Bhiwani	B.T. Cotton	5000	2500	2500
Adampur	B.T. Cotton	680	510	170
Fatehabad	B.T. Cotton	500	2000	-1500
Dabwali	B.T. Cotton	1000	Closed	-
Jind	B.T. Cotton	680	510	170
Uchana (Jind)	B.T. Cotton	NR	NR	-
Rawatsar (Hanumangarh)	B.T. Cotton	300	Closed	-
Hubli	B.T. Cotton	44	NA	-
Ahmedabad	Shankar-6	Closed	Closed	-
Gondal	Shankar-6	NR	NR	-
Bijapur	Bunny	94	NA	-
Hubli	D.C.H.	4	NA	-
Raichur	H-44 Cotton	525	NA	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	8	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar*	J-34	1190	340	850
Muktsar*	J-34	NA	Closed	-
Bhatinda*	J-34	25500	Closed	-
Mansa	J-34	1020	680	340
Sirsa*	J-34	1360	850	510
Sri-Ganganagar*	J-34	3400	Closed	-
Hanumangarh	B.T. Cotton	4000	Closed	-

*New crop

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				22-Oct-14	21-Oct-14	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	37100	37100	Unch
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	38000	37600	400
J-34(202)	26mm	3.5 - 4.9	23	31200	30900	300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32100	32100	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	32700	32700	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34400	34400	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35400	35400	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	43500	43500	Unch

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 27/10/2014

Index	RMB/Ton	Change
CCIndex(328)	14777	9
CCIndex(527)	13678	11
CCIndex(229)	15272	9

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

Cotlook Index: As on 24/10/2014

Cotlook Indices	Cents/Pound	Change
A-Index	69.80	-0.05

USDA Cotton Spot Rates: As on 24/10/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	64.06	67.31	1432
North Delta	63.56	66.31	246
South Delta	63.56	66.31	1463
East TX-OK	64.25	65.25	10639
West Texas	63	63.5	1271
Desert SW	62.81	69.81	NIL
SJ Valley	63.06	72.96	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 24/10/2014

Contract	Open	High	Low	Close	Change
Dec-14	63.04	64.66	62.73	63.81	0.77
Mar-15	61.9	62.99	61.86	62.17	0.29
May-15	62.78	63.75	62.78	63.02	0.25
Jul-15	63.76	64.46	63.75	63.91	0.24
Oct-15	65.13	65.13	65.13	65.13	0.45
Dec-15	65.3	66.09	65.3	65.76	0.29

Pakistan Cotton Spot rates: As on 25/10/2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5100	155	5255
Equivalent	40 Kgs	5466	155	5621

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