

## Domestic Fundamentals:

**Market Outlook:** Cotton market noticed steady to mixed tone on Tuesday.

**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, 20<sup>th</sup> October 2014, as scheduled earlier. 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:

According to the latest report released by USDA, as on October 26, 2014, 48% of cotton crop in USA is in excellent to good condition, which was 47% last week and 44% a year ago. 91% bolls open has reported in cotton which was 86% last week and 95% as five year average. 42% of cotton harvesting reported which was 29% a week ago and 41% as a 5 year average.

Uzbekistan has finished the cotton harvest campaign. The farmers of the country have harvested 3.4 million tonnes of cotton this year. It has been reported that 90% of the harvested crop is of high grade.

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.

### Outlook

We expect domestic prices to remain weak to range bound in near term.

#### NCDEX Kapas Futures\*: (Prices in Rs/20kg)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-15	6	796.5	805	794	804	3239	6	10191	134

Spread	Apr-15		
Spot	32	-	-

(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 28 Oct 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-14	-110	16000	16040	15900	15940	177	-36	293	-160
Nov-14	-10	15940	15940	15810	15890	573	47	2351	93
Dec-14	-10	15850	15890	15800	15890	430	-266	5520	220
Jan-15	-60	15980	15980	15880	15940	196	179	17	107
Feb-15	-30	16040	16130	15970	16070	20	-18	38	49

Spread	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Spot	--				
Oct-14		-50			
Nov-14			0		
Dec-14				50	
Jan-15					130

\*Updated at 5:00 pm on 28 Oct 2014

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

Centre	Variety	Prices		Change
		28-Oct-14	27-Oct-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati*	Mech-1	4200	Closed	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Mahesana(Kadi)	B.T. Cotton	4350	4200	150
Rajkot	B.T. Cotton	4180	NR	-
Patan	B.T. Cotton	4255	Closed	-
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	4100	4050	50
Fazilika	B.T. Cotton	4250	3950	300
Bhiwani	B.T. Cotton	4220	4270	-50
Adampur*	B.T. Cotton	4180	4180	Unch
Fatehabad	B.T. Cotton	4150	4175	-25
Dabwali*	B.T. Cotton	4070	4065	5
Jind	B.T. Cotton	4315	4270	45
Uchana (Jind)*	B.T. Cotton	NR	NR	-
Rawatsar (Hanumangarh)*	B.T. Cotton	4060	4050	10
Hubli	B.T. Cotton	4160	4089	71
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Ahmedabad	Shankar-6	Closed	Closed	-
Gondal	Shankar-6	4330	NR	-
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Bijapur	Bunny	4219	4140	79
Hubli	D.C.H.	NA	4669	-
Raichur	H-44 Cotton	4230	4380	-150
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4250	4250	Unch
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	3400	3410	-10
Muktsar*	J-34	3410	3415	-5
Fazilika	J-34	3425	3425	Unch
Bhatinda	J-34	3410	3415	-5
Mansa*	J-34	3400	3410	-10
Sirsa*	J-34	3320	3340	-20
Sri-Ganganagar*	J-34	3140	3130	10
Hanumangarh	B.T. Cotton	4100	4100	Unch

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		28-Oct-14	27-Oct-14	
Amravati*	Mech-1	NA	Closed	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	8000	3000	5000
Rajkot	B.T. Cotton	3620	NR	-
Patan	B.T. Cotton	22000	Closed	-
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	510	340	170
Bhiwani	B.T. Cotton	5000	5000	Unch
Adampur	B.T. Cotton	1020	680	340
Fatehabad	B.T. Cotton	1500	500	1000
Dabwali	B.T. Cotton	1090	1000	90
Jind	B.T. Cotton	765	680	85
Uchana (Jind)	B.T. Cotton	NR	NR	-
Rawatsar (Hanumangarh)	B.T. Cotton	150	300	-150
Hubli	B.T. Cotton	68	44	24
Ahmedabad	Shankar-6	Closed	Closed	-
Gondal	Shankar-6	3475	NR	-
Bijapur	Bunny	110	94	16
Hubli	D.C.H.	NA	4	-
Raichur	H-44 Cotton	870	525	345
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	8	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar*	J-34	1190	1190	Unch
Muktsar*	J-34	NA	NA	-
Bhatinda*	J-34	20400	25500	-5100
Mansa	J-34	1020	1020	Unch
Sirsa*	J-34	1700	1360	340
Sri-Ganganagar*	J-34	2550	3400	-850
Hanumangarh	B.T. Cotton	4000	4000	Unch

\*New crop

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				27-Oct-14	22-Oct-14	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	37200	37100	100
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	38100	38000	100
J-34(202)	26mm	3.5 - 4.9	23	31300	31200	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32100	32100	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	33000	32700	300
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 28/10/2014**

Index	RMB/Ton	Change
CCIndex(328)	14777	Unch
CCIndex(527)	13676	-2
CCIndex(229)	15269	-3

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

**Cotlook Index: As on 27/10/2014**

Cotlook Indices	Cents/Pound	Change
A-Index	70.05	+0.25

**USDA Cotton Spot Rates: As on 27/10/2014**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	63.92	67.17	NIL
North Delta	63.42	66.17	NIL
South Delta	63.42	66.17	1854
East TX-OK	63.50	64.50	4888
West Texas	63.75	64.25	3982
Desert SW	62.67	69.67	NIL
SJ Valley	62.92	72.82	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 27/10/2014

Contract	Open	High	Low	Close	Change
<b>Dec-14</b>	63.80	64.26	63.31	63.67	<b>-0.14</b>
<b>Mar-15</b>	61.90	62.36	61.59	62.19	<b>0.02</b>
<b>May-15</b>	62.84	63.20	62.45	63.10	<b>0.08</b>
<b>Jul-15</b>	63.65	64.08	63.35	64.01	<b>0.10</b>
<b>Oct-15</b>	65.28	65.28	65.28	65.28	<b>0.15</b>
<b>Dec-15</b>	65.50	65.90	65.35	65.90	<b>0.14</b>

Pakistan Cotton Spot rates: As on 27/10/2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5100	150	5250
Equivalent	40 Kgs	5466	160	5626

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