

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone on Wednesday.

In The News: The cotton corporation of India (CCI) has started the procurement of cotton in the major markets of Karnataka, Telangana, Andhra Pradesh and Maharashtra as prices of the crop are falling below the minimum support prices (MSP). Around 17000 bales of cotton have been procured by CCI so far, which is majorly contributed by Telangana and Andhra Pradesh.

Export of cotton from the country is picking pace on the commencement of the crop season but despite the expectation of higher production this year, exports of the fiber is likely to remain weak during the current season 2014-15. Cotton Advisory Board (CAB) has anticipated exports of 9 million bales this season, 23% lower from the previous year export, which were 11.7 million bales. According to various analyst though, cotton exports would be around 7-7.5 million bales, fairly lower than the CAB estimates.

Amid higher production in the country and the region, farmers in Vidarbha are facing trouble as prices are falling downwards due to the leading supplies. Prices are breaching the level of Rs. 4000 per quintal which is average minimum support price (MSP). Also National Agricultural Cooperative Marketing Federation of India Limited (NAFED), who has affiliated Maharashtra State Federation to procure cotton, has proposed that, no farmer should be allowed to sell more than 25 quintals in a day at MSP and purchase by federation at MSP should not exceed 25% of the output in its area of operation. This proposal has further added worries to the farmers.

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.

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.

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	7	790	815	788	812	5037	1798	10439	248

Spread	Apr-15		
Spot	51	-	-

(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 29 Oct 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-14	200	15970	16230	15940	16200	134	-43	210	-83
Nov-14	110	15950	16100	15930	16040	1166	593	2464	113
Dec-14	140	15950	16110	15920	16060	1234	804	5969	449
Jan-15	120	16030	16200	16000	16120	167	-29	196	75
Feb-15	120	16140	16280	16110	16200	89	69	20	66

Spread	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Spot	--				
Oct-14		-160			
Nov-14			20		
Dec-14				60	
Jan-15					80

*Updated at 5:00 pm on 29 Oct 2014

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		29-Oct-14	28-Oct-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4250	4200	50
Khandwa	Mech-1	4150	NA	-
Khargaon	Mech-1	4150	NA	-
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	4350	4350	Unch
Rajkot	B.T. Cotton	4315	4180	135
Patan	B.T. Cotton	4205	4255	-50
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	4100	4100	Unch
Fazilika	B.T. Cotton	4150	4250	-100
Bhiwani	B.T. Cotton	4250	4220	30
Adampur	B.T. Cotton	4190	4180	10
Fatehabad	B.T. Cotton	4180	4150	30
Dabwali	B.T. Cotton	4090	4070	20
Jind	B.T. Cotton	4300	4315	-15
Uchana (Jind)	B.T. Cotton	4195	NR	-
Rawatsar (Hanumangarh)	B.T. Cotton	4085	4060	25
Hubli	B.T. Cotton	4160	4160	Unch
Hathras	B.T. Cotton	4000	4000	Unch
	Kapas	(Rs./Qtl.)		
Ahmedabad	Shankar-6	4250	Closed	-
Gondal	Shankar-6	4280	4330	-50
	Kapas	(Rs/Qtl)		
Hathras	Desi	4900	4800	100
Bijapur	Bunny	4169	4219	-50
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4230	4230	Unch
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4250	4250	Unch
Krishna	Un-Ginned	4000	4000	Unch
East Godavari	Un-Ginned	NA	4000	-
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	3415	3400	15
Muktsar	J-34	3415	3410	5
Fazilika	J-34	3410	3425	-15
Bhatinda	J-34	3415	3410	5
Mansa	J-34	3415	3400	15

Sirsa	J-34	3335	3320	15
Sri-Ganganagar	J-34	3149	3140	9
Hanumangarh	B.T. Cotton	4100	4100	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		29-Oct-14	28-Oct-14	
Amravati	Mech-1	22	NA	-
Khandwa	Mech-1	500	NA	-
Khargaon	Mech-1	10000	NA	-
Mahesana(Kadi)	B.T. Cotton	10000	8000	2000
Rajkot	B.T. Cotton	2450	3620	-1170
Patan	B.T. Cotton	14622	22000	-7378
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	170	510	-340
Bhiwani	B.T. Cotton	7000	5000	2000
Adampur	B.T. Cotton	680	1020	-340
Fatehabad	B.T. Cotton	300	1500	-1200
Dabwali	B.T. Cotton	800	1090	-290
Jind	B.T. Cotton	850	765	85
Uchana (Jind)	B.T. Cotton	2400	NR	-
Rawatsar (Hanumangarh)	B.T. Cotton	400	150	250
Hubli	B.T. Cotton	46	68	-22
Hathras	B.T. Cotton	150	50	100
Ahmedabad	Shankar-6	15300	NA	-
Gondal	Shankar-6	3405	3475	-70
Hathras	Desi	450	1000	-550
Bijapur	Bunny	180	110	70
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	1290	870	420
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	8	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	850	1190	-340
Muktsar	J-34	NA	NA	-
Bhatinda	J-34	30600	20400	10200
Mansa	J-34	1190	1020	170

Sirsa	J-34	1700	1700	Unch
Sri-Ganganagar	J-34	2550	2550	Unch
Hanumangarh	B.T. Cotton	3000	4000	-1000

Cotton Association of India Spot Rates:

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

Index	RMB/Ton	Change
CCIndex(328)	14778	1
CCIndex(527)	13675	-1
CCIndex(229)	15276	7

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

Cotlook Index: As on 28/10/2014

Cotlook Indices	Cents/Pound	Change
A-Index	70.00	-0.05

USDA Cotton Spot Rates: As on 28/10/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	64.72	67.97	7102
North Delta	64.22	66.97	1003
South Delta	64.22	66.97	NIL
East TX-OK	64.00	65.00	2582
West Texas	64.25	64.75	960
Desert SW	63.47	70.47	NIL
SJ Valley	63.72	73.62	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 28/10/2014

Contract	Open	High	Low	Close	Change
Dec-14	63.53	64.5	63.21	64.47	0.80
Mar-15	62.19	62.88	61.97	62.84	0.65
May-15	63.04	63.72	62.80	63.70	0.60
Jul-15	63.87	64.47	63.82	64.47	0.46
Oct-15	65.64	65.64	65.64	65.64	0.36
Dec-15	65.90	66.18	65.85	66.18	0.28

Pakistan Cotton Spot rates: As on 28/10/2014 (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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