

Domestic Fundamentals:

Market Outlook: Cotton cash market noticed steady tone on Thursday. However, profit-booking witnessed in future market.

In The News: Cyclone Nilofar is likely to affect the cotton and groundnut farmers in the coastal regions of Gujarat. The standing crop of cotton and groundnut in parts of Saurashtra, Kutch and North Gujarat could be adversely hit by the unseasonal rains. However, the first plucking has almost been completed in most regions, but for the long-duration plants, subsequent plucking may be affected.

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	-8.5	814	817	803.5	805	5115	78	10886	447

Spread	Apr-15		
Spot		-	-

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

*Rajkot Closed

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-14	-100	16270	16290	16060	16090	110	-24	104	-106
Nov-14	-190	16200	16240	15950	15970	1395	229	2450	-14
Dec-14	-220	16150	16180	15880	15900	1136	-98	5802	-167
Jan-15	-240	16230	16270	15960	15980	267	100	167	97
Feb-15	-270	16320	16350	16050	16050	228	139	89	181

Spread	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Spot	--				
Oct-14		-			
Nov-14			-		
Dec-14				-	
Jan-15					-

* Rajkot Closed

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		30-Oct-14	29-Oct-14	
	Kapas	(Rs./Qtl)		
Amravati*	Mech-1	4275	4250	25
Khandwa	Mech-1	4250	4150	100
Khargaon	Mech-1	4250	4150	100
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	4350	4350	Unch
Rajkot	B.T. Cotton	NA	4315	-
Patan	B.T. Cotton	NA	4205	-
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	4200	4100	100
Fazilika	B.T. Cotton	4125	4150	-25
Bhiwani	B.T. Cotton	4280	4250	30
Adampur*	B.T. Cotton	4260	4190	70
Fatehabad	B.T. Cotton	4250	4180	70
Dabwali*	B.T. Cotton	4120	4090	30
Jind	B.T. Cotton	4271	4300	-29
Uchana (Jind)*	B.T. Cotton	NA	4195	-
Rawatsar (Hanumangarh)*	B.T. Cotton	4150	4085	65
Hubli	B.T. Cotton	4162	4160	2
Hathras	B.T. Cotton	4000	4000	Unch
	Kapas	(Rs./Qtl.)		
Ahmedabad	Shankar-6	4200	4250	-50
Gondal	Shankar-6	NA	4280	-
	Kapas	(Rs/Qtl)		
Hathras	Desi	4850	4900	-50
Bijapur	Bunny	4159	4169	-10
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	4000	NA	-
	Lint	(Rs./Maund of 37.32kg each)		
Abohar*	J-34	3500	3415	85
Muktsar*	J-34	3400	3415	-15
Fazilika	J-34	3400	3410	-10
Bhatinda	J-34	3445	3415	30
Mansa*	J-34	3440	3415	25

Sirsa*	J-34	3370	3335	35
Sri-Ganganagar*	J-34	3196	3149	47
Hanumangarh	B.T. Cotton	4150	4100	50

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		30-Oct-14	29-Oct-14	
Amravati*	Mech-1	63	22	41
Khandwa	Mech-1	700	500	200
Khargaon	Mech-1	10000	10000	Unch
Mahesana(Kadi)	B.T. Cotton	10000	10000	Unch
Rajkot	B.T. Cotton	NA	2450	-
Patan	B.T. Cotton	NA	14622	-
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	255	170	85
Bhiwani	B.T. Cotton	6000	7000	-1000
Adampur	B.T. Cotton	680	680	Unch
Fatehabad	B.T. Cotton	2000	300	1700
Dabwali	B.T. Cotton	1000	800	200
Jind	B.T. Cotton	765	850	-85
Uchana (Jind)	B.T. Cotton	NA	2400	-
Rawatsar (Hanumangarh)	B.T. Cotton	1000	400	600
Hubli	B.T. Cotton	14	46	-32
Hathras	B.T. Cotton	50	150	-100
Ahmedabad	Shankar-6	13600	15300	-1700
Gondal	Shankar-6	NA	3405	-
Hathras	Desi	450	450	Unch
Bijapur	Bunny	73	180	-107
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	1882	1290	592
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	8	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar*	J-34	1700	850	850
Muktsar*	J-34	NA	NA	-
Bhatinda*	J-34	30600	30600	Unch
Mansa	J-34	1020	1190	-170

Sirsa*	J-34	1700	1700	Unch
Sri-Ganganagar*	J-34	1700	2550	-850
Hanumangarh	B.T. Cotton	1500	3000	-1500

*New crop

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				29-Oct-14	28-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	32400	32100	300
Shankar-6(105)	29mm	3.5 - 4.9	28	33100	33000	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34500	34400	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35400	35400	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	43700	43500	200

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 30/10/2014

Index	RMB/Ton	Change
CCIndex(328)	14779	1
CCIndex(527)	13675	0
CCIndex(229)	15281	5

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

Cotlook Index: As on 29/10/2014

Cotlook Indices	Cents/Pound	Change
A-Index	70.30	0.30

USDA Cotton Spot Rates: As on 29/10/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	68.60	65.35	6730
North Delta	67.60	64.85	288
South Delta	67.60	64.85	707
East TX-OK	65.50	64.50	8041
West Texas	65.25	64.75	958
Desert SW	71.35	64.35	NIL
SJ Valley	74.50	64.60	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 29/10/2014

Contract	Open	High	Low	Close	Change
Dec-14	64.40	65.99	64.17	65.35	0.88
Mar-15	62.64	63.82	62.55	63.22	0.38
May-15	63.47	64.36	63.47	63.95	0.25
Jul-15	64.25	65.07	64.25	64.76	0.29
Oct-15	65.72	65.72	65.72	65.72	0.08
Dec-15	66.20	66.90	66.20	66.39	0.21

Pakistan Cotton Spot rates: As on 29/10/2014 (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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