

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone on Friday.

In The News: Cotton Corporation of India (CCI) has started the procurement of cotton in Andhra Pradesh and Telangana at MSP, as the local prices in these markets are being quoted lower than MSP. According to the officials of CCI, around 15,000 bales of cotton have been procured in the last week. The MSP of long staple cotton is Rs. 4050 per quintal, but Rs. 3,800-3,900 a quintal were quoted for the same variety in these markets.

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	-6	802	806	797	797.5	4087	-1028	10911	25

Spread	Apr-15		
Spot	65.5	-	-

(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 31 Oct 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-14	-120	15960	15960	15810	15840	647	-748	2417	-33
Dec-14	-120	15870	15880	15780	15800	597	-539	5864	62
Jan-15	-210	15950	15970	15860	15890	229	-38	465	80
Feb-15	-210	15950	16050	15950	15990	53	-175	228	-5
Mar-15	-120	16100	16170	16040	16170	45	-71	116	25

Spread	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Spot	--				
Nov-14		-40			
Dec-14			90		
Jan-15				100	
Feb-15					180

*Updated at 5:00 pm on 31 Oct 2014

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		31-Oct-14	30-Oct-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4250	4275	-25
Khandwa	Mech-1	4250	4250	Unch
Khargaon	Mech-1	4250	4250	Unch
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	4325	4350	-25
Rajkot	B.T. Cotton	NA	NA	-
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	4200	4200	Unch
Fazilika	B.T. Cotton	4150	4125	25
Bhiwani	B.T. Cotton	4250	4280	-30
Adampur	B.T. Cotton	4185	4260	-75
Fatehabad	B.T. Cotton	NA	4250	-
Dabwali	B.T. Cotton	4070	4120	-50
Jind	B.T. Cotton	4271	4271	Unch
Uchana (Jind)	B.T. Cotton	4179	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	4100	4150	-50
Hubli	B.T. Cotton	NA	4162	-
Hathras	B.T. Cotton	NA	4000	-
	Kapas	(Rs./Qtl.)		
Ahmedabad	Shankar-6	4200	4200	Unch
Gondal	Shankar-6	NA	NA	-
	Kapas	(Rs/Qtl)		
Hathras	Desi	NA	4850	-
Bijapur	Bunny	4199	4159	40
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4250	4230	20
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	3000	4250	-1250
Krishna	Un-Ginned	4000	4000	Unch
East Godavari	Un-Ginned	NA	4000	-
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	3400	3500	-100
Muktsar	J-34	3410	3400	10
Fazilika	J-34	3420	3400	20
Bhatinda	J-34	3405	3445	-40
Mansa	J-34	3405	3440	-35

Sirsa	J-34	3350	3370	-20
Sri-Ganganagar	J-34	NA	3196	-
Hanumangarh	B.T. Cotton	4000	4150	-150

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		31-Oct-14	30-Oct-14	
Amravati	Mech-1	135	63	72
Khandwa	Mech-1	800	700	100
Khargaon	Mech-1	10000	10000	Unch
Mahesana(Kadi)	B.T. Cotton	12500	10000	2500
Rajkot	B.T. Cotton	NA	NA	-
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	255	255	Unch
Bhiwani	B.T. Cotton	4000	6000	-2000
Adampur	B.T. Cotton	765	680	85
Fatehabad	B.T. Cotton	NA	2000	-
Dabwali	B.T. Cotton	800	1000	-200
Jind	B.T. Cotton	340	765	-425
Uchana (Jind)	B.T. Cotton	1670	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	700	1000	-300
Hubli	B.T. Cotton	NA	14	-
Hathras	B.T. Cotton	NA	50	-
Ahmedabad	Shankar-6	13600	13600	Unch
Gondal	Shankar-6	NA	NA	-
Hathras	Desi	NA	450	-
Bijapur	Bunny	88	73	15
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	2137	1882	255
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	8	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	1700	1700	Unch
Muktsar	J-34	NA	NA	-
Bhatinda	J-34	30600	30600	Unch
Mansa	J-34	1088	1020	68

Sirsa	J-34	1700	1700	Unch
Sri-Ganganagar	J-34	NA	1700	-
Hanumangarh	B.T. Cotton	3000	1500	1500

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				30-Oct-14	29-Oct-14	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	37500	37200	300
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	38100	38100	Unch
J-34(202)	26mm	3.5 - 4.9	23	31600	31300	300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32600	32400	200
Shankar-6(105)	29mm	3.5 - 4.9	28	33300	33100	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34600	34500	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35400	35400	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	43900	43700	200

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 31/10/2014

Index	RMB/Ton	Change
CCIndex(328)	14786	7
CCIndex(527)	13678	3
CCIndex(229)	15288	7

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

Cotlook Index: As on 30/10/2014

Cotlook Indices	Cents/Pound	Change
A-Index	70.45	0.15

USDA Cotton Spot Rates: As on 30/10/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	67.75	64.50	2794
North Delta	66.75	64.00	NIL
South Delta	66.75	64.00	NIL
East TX-OK	64.25	63.25	5212
West Texas	64.00	63.50	1124
Desert SW	70.50	63.50	557
SJ Valley	73.65	63.75	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 30/10/2014

Contract	Open	High	Low	Close	Change
Dec-14	65.34	66.05	64.33	64.50	-0.85
Mar-15	63.20	63.80	62.77	63.02	-0.20
May-15	63.84	64.42	63.50	63.78	-0.17
Jul-15	64.61	65.05	64.17	64.54	-0.22
Oct-15	65.60	65.60	65.60	65.60	-0.12
Dec-15	66.30	66.94	66.10	66.50	0.11

Pakistan Cotton Spot rates: As on 30/10/2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5150	150	5300
Equivalent	40 Kgs	5519	160	5679

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2014 Indian Agribusiness Systems Pvt. Ltd.