

Domestic Fundamentals:

Market Outlook: Cotton market noticed steady to weak tone on Saturday.

In The News: Garments export from India during FY April-September 2014-15 has noticed growth of 17.6% when compared to previous FY for the same period, reported Apparel Export Promotion Council (APEC). Amplifying labour cost in China, appreciation in currency, volatile settlement of factories in Bangladesh and higher rate of inflation has created the massive opportunities for India in this sector.

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.

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	--	--	--	--	--	--	--	--	--

Spread	Apr-15		
Spot	--	-	-

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

*Market Closed

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-14	--	--	--	--	--	--	--	--	--
Dec-14	--	--	--	--	--	--	--	--	--
Jan-15	--	--	--	--	--	--	--	--	--
Feb-15	--	--	--	--	--	--	--	--	--
Mar-15	--	--	--	--	--	--	--	--	--

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

*Market Closed

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		1-Nov-14	31-Oct-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4200	4250	-50
Khandwa	Mech-1	NA	4250	-
Khargaon	Mech-1	NA	4250	-
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	4200	4325	-125
Rajkot	B.T. Cotton	4260	NA	-
Patan	B.T. Cotton	4205	NA	-
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	4150	4200	-50
Fazilika	B.T. Cotton	4100	4150	-50
Bhiwani	B.T. Cotton	4150	4250	-100
Adampur	B.T. Cotton	4140	4185	-45
Fatehabad	B.T. Cotton	4150	NA	-
Dabwali	B.T. Cotton	4045	4070	-25
Jind	B.T. Cotton	4260	4270	-10
Uchana (Jind)	B.T. Cotton	4050	4179	-129
Rawatsar (Hanumangarh)	B.T. Cotton	4100	4100	Unch
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton	4850	NA	-
	Kapas	(Rs./Qtl.)		
Ahmedabad	Shankar-6	4150	4200	-50
Gondal	Shankar-6	NA	NA	-
	Kapas	(Rs/Qtl)		
Hathras	Desi	4000	NA	-
Bijapur	Bunny	NA	4199	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	4250	-
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	3000	3000	Unch
Krishna	Un-Ginned	NA	4000	-
East Godavari	Un-Ginned	4000	NA	-
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	3410	3400	10
Muktsar	J-34	3415	3411	4
Fazilika	J-34	3410	3420	-10
Bhatinda	J-34	3415	3405	10
Mansa	J-34	3405	3405	Unch

Sirsa	J-34	3340	3350	-10
Sri-Ganganagar	J-34	3243	NA	-
Hanumangarh	B.T. Cotton	4050	4000	50

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		1-Nov-14	31-Oct-14	
Amravati	Mech-1	225	135	90
Khandwa	Mech-1	NA	800	-
Khargaon	Mech-1	NA	10000	-
Mahesana(Kadi)	B.T. Cotton	20000	12500	7500
Rajkot	B.T. Cotton	4280	NA	-
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	340	255	85
Bhiwani	B.T. Cotton	3000	4000	-1000
Adampur	B.T. Cotton	595	765	-170
Fatehabad	B.T. Cotton	2000	NA	-
Dabwali	B.T. Cotton	700	800	-100
Jind	B.T. Cotton	765	340	425
Uchana (Jind)	B.T. Cotton	2200	1670	530
Rawatsar (Hanumangarh)	B.T. Cotton	500	700	-200
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton	350	NA	-
Ahmedabad	Shankar-6	17000	13600	3400
Gondal	Shankar-6	NA	NA	-
Hathras	Desi	85	NA	-
Bijapur	Bunny	NA	88	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	2137	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	510	1700	-1190
Muktsar	J-34	NA	NA	-
Bhatinda	J-34	27200	30600	-3400
Mansa	J-34	850	1088	-238

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

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				31-Oct-14	30-Oct-14	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	37500	37500	Unch
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	38100	38100	Unch
J-34(202)	26mm	3.5 - 4.9	23	31300	31600	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32300	32600	-300
Shankar-6(105)	29mm	3.5 - 4.9	28	33000	33300	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34100	34600	-500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35000	35400	-400
DCH-32(107)	34mm	3.0 - 3.8	33	43900	43900	Unch

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 31/10/2014

Cotlook Indices	Cents/Pound	Change
A-Index	70.00	-0.45

USDA Cotton Spot Rates: As on 31/10/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	67.20	64.45	9647
North Delta	66.70	63.95	147
South Delta	66.70	63.95	274
East TX-OK	63.75	62.75	4241
West Texas	63.50	63.00	24
Desert SW	69.95	62.95	1222
SJ Valley	73.10	63.20	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 31/10/2014

Contract	Open	High	Low	Close	Change
Dec-14	64.44	64.82	63.26	64.45	-0.05
Mar-15	62.84	63.15	61.88	62.92	-0.1
May-15	63.57	63.95	62.72	63.80	0.02
Jul-15	64.33	64.70	63.43	64.61	0.07
Oct-15	65.67	65.67	65.67	65.67	0.07
Dec-15	66.30	66.75	65.53	66.61	0.11

Pakistan Cotton Spot rates: As on 31/10/2014 (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

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