

### Domestic Fundamentals:

**Market Outlook:** Cotton market noticed mostly weak on Monday.

**In The News:** No loss is expected in cotton output in Andhra Pradesh and Gujarat due to cyclones Hudhud and Nilofar, said Cotton Corporation of India (CCI). Cotton procurement has been started in Andhra Pradesh and Telangana at MSP by CCI. Maharashtra Cotton State Federation said it will start procurement operation from December 1 to December 15 as late arrivals are expected in the state due to the delayed rains.

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.

### International Fundamentals:

World production would stand around 26.24 million tonnes this year (Aug'14-Jul'15) compared to 25.981 million tonnes a year ago, said International cotton advisory committee (ICAC) in its latest report.

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.

### 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	-9	791	791	784	786.5	3861	-226	10961	50

  

Spread	Apr-15		
Spot	44.5	-	-

(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 03 Nov. 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-14	20	15670	15790	15510	15780	618	-29	2418	1
Dec-14	-70	15700	15700	15590	15690	810	213	5879	15
Jan-15	-120	15700	15770	15670	15740	408	179	706	241
Feb-15	-120	15850	15860	15750	15850	96	43	53	19
Mar-15	-120	16000	16000	15810	15980	58	13	45	16

  

Spread	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Spot	--				
Nov-14		-90			
Dec-14			50		
Jan-15				110	
Feb-15					130

\* Updated at 5:00 pm on 03 Nov. 2014

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

Centre	Variety	Prices		Change
		3-Nov-14	1-Nov-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4225	4200	25
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Mahesana(Kadi)	B.T. Cotton	4200	4200	Unch
Rajkot	B.T. Cotton	4155	4260	-105
Patan	B.T. Cotton	4150	4205	-55
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	4000	4150	-150
Fazilika	B.T. Cotton	4000	4100	-100
Bhiwani	B.T. Cotton	4000	4150	-150
Adampur	B.T. Cotton	4050	4140	-90
Fatehabad	B.T. Cotton	NA	4150	-
Dabwali	B.T. Cotton	3970	4045	-75
Jind	B.T. Cotton	NA	4260	-
Uchana (Jind)	B.T. Cotton	NA	4050	-
Rawatsar (Hanumangarh)	B.T. Cotton	4010	4100	-90
Hubli	B.T. Cotton	4209	NA	-
Hathras	B.T. Cotton	4800	4850	-50
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Ahmedabad	Shankar-6	4100	4150	-50
Gondal	Shankar-6	4155	NA	-
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Hathras	Desi	3800	4000	-200
Bijapur	Bunny	4949	NA	-
Hubli	D.C.H.	4609	NA	-
Raichur	H-44 Cotton	4200	NA	-
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	NA	3000	-
Krishna	Un-Ginned	3750	NA	-
East Godavari	Un-Ginned	4000	4000	Unch
	<b>Lint</b>	<b>(Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	3370	3410	-40
Muktsar	J-34	3375	3415	-40
Fazilika	J-34	3390	3410	-20
Bhatinda	J-34	3370	3415	-45
Mansa	J-34	3475	3405	70

Sirsa	J-34	3300	3340	<b>-40</b>
Sri-Ganganagar	J-34	3100	3245	<b>-145</b>
Hanumangarh	B.T. Cotton	3980	4050	<b>-70</b>

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		3-Nov-14	1-Nov-14	
Amravati	Mech-1	250	225	<b>25</b>
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	20000	20000	<b>Unch</b>
Rajkot	B.T. Cotton	7550	4280	<b>3270</b>
Patan	B.T. Cotton	14000	NA	-
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	425	340	<b>85</b>
Bhiwani	B.T. Cotton	500	3000	<b>-2500</b>
Adampur	B.T. Cotton	595	595	<b>Unch</b>
Fatehabad	B.T. Cotton	NA	2000	-
Dabwali	B.T. Cotton	1150	700	<b>450</b>
Jind	B.T. Cotton	NA	765	-
Uchana (Jind)	B.T. Cotton	NA	2200	-
Rawatsar (Hanumangarh)	B.T. Cotton	2000	500	<b>1500</b>
Hubli	B.T. Cotton	146	NA	-
Hathras	B.T. Cotton	250	350	<b>-100</b>
Ahmedabad	Shankar-6	20400	17000	<b>3400</b>
Gondal	Shankar-6	4126	NA	-
Hathras	Desi	30	85	<b>55</b>
Bijapur	Bunny	715	NA	-
Hubli	D.C.H.	6	NA	-
Raichur	H-44 Cotton	2190	NA	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	1700	510	<b>1190</b>
Muktsar	J-34	NA	NA	-
Bhatinda	J-34	27200	27200	<b>Unch</b>
Mansa	J-34	850	850	<b>Unch</b>

Sirsa	J-34	1700	1700	<b>Unch</b>
Sri-Ganganagar	J-34	2550	1700	<b>850</b>
Hanumangarh	B.T. Cotton	5000	3000	<b>2000</b>

### Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				1-Nov-14	31-Oct-14	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	37500	37500	<b>Unch</b>
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	38100	38100	<b>Unch</b>
J-34(202)	26mm	3.5 - 4.9	23	31300	31300	<b>-300</b>
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32100	32300	<b>-300</b>
Shankar-6(105)	29mm	3.5 - 4.9	28	32800	33000	<b>-300</b>
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33900	34100	<b>-500</b>
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34800	35000	<b>-400</b>
DCH-32(107)	34mm	3.0 - 3.8	33	43700	43900	<b>Unch</b>

### INTERNATIONAL PRICES AND INDICES

#### China Cotton Index: As on 3/11/2014

Index	RMB/Ton	Change
CCIndex(328)	14791	<b>5</b>
CCIndex(527)	13679	<b>1</b>
CCIndex(229)	15305	<b>17</b>

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

#### Cotlook Index: As on 31/10/2014

Cotlook Indices	Cents/Pound	Change
A-Index	70.00	<b>-0.45</b>

#### 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	<b>9647</b>
North Delta	66.70	63.95	<b>147</b>
South Delta	66.70	63.95	<b>274</b>
East TX-OK	63.75	62.75	<b>4241</b>
West Texas	63.50	63.00	<b>24</b>
Desert SW	69.95	62.95	<b>1222</b>
SJ Valley	73.10	63.20	<b>NIL</b>

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
<b>Dec-14</b>	64.44	64.82	63.26	64.45	<b>-0.05</b>
<b>Mar-15</b>	62.84	63.15	61.88	62.92	<b>-0.1</b>
<b>May-15</b>	63.57	63.95	62.72	63.80	<b>0.02</b>
<b>Jul-15</b>	64.33	64.70	63.43	64.61	<b>0.07</b>
<b>Oct-15</b>	65.67	65.67	65.67	65.67	<b>0.07</b>
<b>Dec-15</b>	66.30	66.75	65.53	66.61	<b>0.11</b>

**Pakistan Cotton Spot rates: As on 1/11/2014 (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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