

## Domestic Fundamentals:

**Market Outlook:** Cotton market noticed mixed tone on Tuesday. Most of the market remained closed following “Moharram”.

**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:

The largest importer of US upland cotton, Turkey has announced the investigation against possible dumping of US cotton in the country. This is the third dispute over US cotton in recent years and that could lead to instability in trade on global front. Turkey imported around 1.1 million bales of upland cotton from USA, costing around USD 500 million.

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.

### 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
		4-Nov-14	3-Nov-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4175	4225	<b>-50</b>
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Mahesana(Kadi)	B.T. Cotton	NA	4200	-
Rajkot	B.T. Cotton	4200	4155	<b>45</b>
Patan	B.T. Cotton	NA	4150	-
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	4100	4000	<b>100</b>
Fazilika	B.T. Cotton	4000	4000	<b>Unch</b>
Bhiwani	B.T. Cotton	4100	4000	<b>100</b>
Adampur	B.T. Cotton	4040	4050	<b>-10</b>
Fatehabad	B.T. Cotton	NA	NA	-
Dabwali*	B.T. Cotton	4020	3970	<b>50</b>
Jind	B.T. Cotton	4150	NA	-
Uchana (Jind)	B.T. Cotton	4020	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	4000	4010	<b>-10</b>
Hubli	B.T. Cotton	NA	4209	-
Hathras	B.T. Cotton	NA	4800	-
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Ahmedabad	Shankar-6	NA	4100	-
Gondal	Shankar-6	NA	4155	-
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Hathras	Desi	NA	3800	-
Bijapur	Bunny	NA	4949	-
Hubli	D.C.H.	NA	4609	-
Raichur	H-44 Cotton	NA	4200	-
Guntur	Un-Ginned	NA	4050	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	3750	-
East Godavari	Un-Ginned	NA	4000	-
	<b>Lint</b>	<b>(Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	3375	3370	<b>5</b>
Muktsar	J-34	3385	3375	<b>10</b>
Fazilika	J-34	3390	3390	<b>Unch</b>
Bhatinda	J-34	3385	3370	<b>15</b>
Mansa	J-34	3485	3475	<b>10</b>

Sirsa	J-34	3300	3300	Unch
Sri-Ganganagar	J-34	3102	3102	Unch
Hanumangarh	B.T. Cotton	4010	3980	30

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		4-Nov-14	3-Nov-14	
Amravati	Mech-1	240	250	-10
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	20000	
Rajkot	B.T. Cotton	4440	7550	-3110
Patan	B.T. Cotton	NA	14000	-
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	510	425	85
Bhiwani	B.T. Cotton	2500	500	2000
Adampur	B.T. Cotton	680	595	85
Fatehabad	B.T. Cotton	NA	NA	-
Dabwali	B.T. Cotton	1000	1150	-150
Jind	B.T. Cotton	765	NA	-
Uchana (Jind)	B.T. Cotton	2000	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	5000	2000	3000
Hubli	B.T. Cotton	NA	146	-
Hathras	B.T. Cotton	NA	250	-
Ahmedabad	Shankar-6	NA	20400	-
Gondal	Shankar-6	NA	4126	-
Hathras	Desi	NA	30	-
Bijapur	Bunny	NA	715	-
Hubli	D.C.H.	NA	6	-
Raichur	H-44 Cotton	NA	2190	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	
Abohar	J-34	1360	1700	-340
Muktsar	J-34	510	NA	-
Bhatinda	J-34	28900	27200	1700
Mansa	J-34	1190	850	340

Sirsa	J-34	1700	1700	Unch
Sri-Ganganagar	J-34	1700	2550	-850
Hanumangarh	B.T. Cotton	5000	5000	Unch

### Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				3-Nov-14	1-Nov-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	30800	31300	-500
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31900	32100	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	32600	32800	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33700	33900	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34600	34800	-200
DCH-32(107)	34mm	3.0 - 3.8	33	43700	43700	Unch

### INTERNATIONAL PRICES AND INDICES

#### China Cotton Index: As on 4/11/2014

Index	RMB/Ton	Change
CCIndex(328)	14796	5
CCIndex(527)	13680	1
CCIndex(229)	15307	2

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

#### Cotlook Index: As on 3/11/2014

Cotlook Indices	Cents/Pound	Change
A-Index	70.00	Unch

#### USDA Cotton Spot Rates: As on 03/11/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	64.25	67.00	372
North Delta	63.75	66.50	NIL
South Delta	63.75	66.50	NIL
East TX-OK	62.75	63.75	1567
West Texas	63.00	63.50	947
Desert SW	62.75	69.75	NIL
SJ Valley	63.00	72.90	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 3/11/2014

Contract	Open	High	Low	Close	Change
Dec-14	64.45	64.88	63.67	64.25	-0.20
Mar-15	62.92	63.58	62.21	63.27	0.35
May-15	63.64	64.32	63.14	64.08	0.28
Jul-15	64.24	65.05	63.94	64.89	0.28
Oct-15	65.84	66.39	65.84	66.39	0.72
Dec-15	66.34	66.93	66.08	66.81	0.20

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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