

## Domestic Fundamentals:

**Market Outlook:** Cotton market noticed mixed tone on Wednesday.

**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:

China has announced that it will pay subsidy of Yuan 2000 (USD 330) to the farmers on per tonnes of cotton harvested outside the top producing region, Xinjiang.

According to the latest report released by USDA, as on November 02, 2014, 48% of cotton crop in USA is in excellent to good condition, which was same last week and 43% a year ago. 95% bolls open has reported in cotton which was 91% last week and 97% as five year average. 50% of cotton harvesting reported which was 42% a week ago and 51% as a 5 year average.

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.

### 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	6.5	787	794.5	783	793	4113	252	11260	299

Spread	Apr-15		
Spot	38	-	-

(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 05 Nov 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-14	70	15680	15860	15610	15820	649	31	2334	-84
Dec-14	40	15600	15760	15570	15720	648	-162	5776	-103
Jan-15	20	15600	15790	15600	15750	342	-66	884	178
Feb-15	-20	15820	15900	15760	15850	100	4	96	52
Mar-15	-10	15910	16030	15910	15990	30	-28	58	48

Spread	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Spot	--				
Nov-14		-100			
Dec-14			30		
Jan-15				100	
Feb-15					140

\*Updated at 5:00 pm on 05 Nov 2014

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

Centre	Variety	Prices		Change
		5-Nov-14	4-Nov-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4150	4175	<b>-25</b>
Khandwa	Mech-1	4250	NA	-
Khargaon	Mech-1	4250	NA	-
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Mahesana(Kadi)	B.T. Cotton	4200	NA	-
Rajkot	B.T. Cotton	4155	4200	<b>-45</b>
Patan	B.T. Cotton	4150	NA	-
Deesa	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	4100	4100	<b>Unch</b>
Fazilika	B.T. Cotton	3950	4000	<b>-50</b>
Bhiwani	B.T. Cotton	4100	4100	<b>Unch</b>
Adampur	B.T. Cotton	4040	4040	<b>Unch</b>
Fatehabad	B.T. Cotton	4150	NA	-
Dabwali	B.T. Cotton	3995	4020	<b>-25</b>
Jind	B.T. Cotton	4199	4150	<b>49</b>
Uchana (Jind)	B.T. Cotton	4000	4020	<b>-20</b>
Rawatsar (Hanumangarh)	B.T. Cotton	4000	4000	<b>Unch</b>
Hubli	B.T. Cotton	4219	NA	-
Hathras	B.T. Cotton	4600	NA	-
	<b>Kapas</b>	<b>(Rs./Qtl.)</b>		
Ahmedabad	Shankar-6	4050	NA	-
Gondal	Shankar-6	4180	NA	-
	<b>Kapas</b>	<b>(Rs/Qtl)</b>		
Hathras	Desi	3600	NA	-
Bijapur	Bunny	4189	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4100	NA	-
Guntur	Un-Ginned	4050	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	4050	NA	-
East Godavari	Un-Ginned	4000	NA	-
	<b>Lint</b>	<b>(Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	3370	3375	<b>-5</b>
Muktsar	J-34	3375	3385	<b>-10</b>
Fazilika	J-34	3390	3390	<b>Unch</b>
Bhatinda	J-34	3380	3385	<b>-5</b>
Mansa	J-34	3485	3485	<b>Unch</b>

Sirsa	J-34	3300	3300	Unch
Sri-Ganganagar	J-34	NA	3102	-
Hanumangarh	B.T. Cotton	4000	4010	-10

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		5-Nov-14	4-Nov-14	
Amravati	Mech-1	300	240	60
Khandwa	Mech-1	600	NA	-
Khargaon	Mech-1	10000	NA	-
Mahesana(Kadi)	B.T. Cotton	25000	NA	-
Rajkot	B.T. Cotton	2325	4440	-2115
Patan	B.T. Cotton	42000	NA	-
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	510	510	Unch
Bhiwani	B.T. Cotton	3000	2500	500
Adampur	B.T. Cotton	680	680	Unch
Fatehabad	B.T. Cotton	1000	NA	-
Dabwali	B.T. Cotton	600	1000	-400
Jind	B.T. Cotton	850	765	85
Uchana (Jind)	B.T. Cotton	1000	2000	-1000
Rawatsar (Hanumangarh)	B.T. Cotton	1500	1500	Unch
Hubli	B.T. Cotton	170	NA	-
Hathras	B.T. Cotton	1000	NA	-
Ahmedabad	Shankar-6	34000	NA	-
Gondal	Shankar-6	3200	NA	-
Hathras	Desi	200	NA	-
Bijapur	Bunny	683	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	2257	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	1360	340
Muktsar	J-34	NA	NA	-
Bhatinda	J-34	32300	28900	3400
Mansa	J-34	680	1190	-510

Sirsa	J-34	1700	1700	Unch
Sri-Ganganagar	J-34	NA	1700	-
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
				4-Nov-14	3-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	31000	30800	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32000	31900	100
Shankar-6(105)	29mm	3.5 - 4.9	28	32800	32600	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34000	33700	300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34800	34600	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 4/11/2014

Cotlook Indices	Cents/Pound	Change
A-Index	69.80	-0.20

#### USDA Cotton Spot Rates: As on 04/11/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.55	65.30	1390
North Delta	62.05	64.80	Nil
South Delta	62.05	64.80	6157
East TX-OK	61.25	62.25	1845
West Texas	61.50	62.0	2118
Desert SW	61.30	68.30	Nil
SJ Valley	61.55	71.45	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 4/11/2014**

Contract	Open	High	Low	Close	Change
<b>Dec-14</b>	64.04	64.34	62.74	62.80	<b>-1.45</b>
<b>Mar-15</b>	63.09	63.30	61.94	61.97	<b>-1.3</b>
<b>May-15</b>	64.02	64.02	62.67	62.75	<b>-1.33</b>
<b>Jul-15</b>	64.79	64.79	63.64	63.67	<b>-1.22</b>
<b>Oct-15</b>	65.17	65.17	65.17	65.17	<b>-1.22</b>
<b>Dec-15</b>	66.49	66.54	65.72	65.75	<b>-1.06</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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