

Domestic Fundamentals:

Market Outlook: Cotton market noticed steady to mixed tone on Thursday.

In The News: Cotton yield is expected to fall drastically in Nizamabad district of Andhra Pradesh due to pest attack in the crop which has led to withered cotton bolls. Around 3.33 lakh hectares was sown for cotton in Nizamabad district and only 30-40% yield is expected in the Kharif cotton.

Telangana farmers are complaining about the delayed set up of procurement center by Cotton Corporation of India (CCI) in the state. According to District General Secretary of Khammam, only one procurement center has been established in the district against the requirement of twelve.

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.

International Fundamentals:

Brazil monthly cotton export stood 148,500 tonnes in October 2014, the highest monthly volume recorded in last two years. The same could lift the estimated export volume for the year 2014, which is 660,000 tonnes forecasted by Conab.

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.

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
		6-Nov-14	5-Nov-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4150	4150	Unch
Khandwa	Mech-1	Closed	4250	-
Khargaon	Mech-1	Closed	4250	-
	Kapas	(Rs./Qtl.)		
Mahesana(Kadi)	B.T. Cotton	4200	4200	Unch
Rajkot	B.T. Cotton	4140	4155	-15
Patan	B.T. Cotton	Closed	4150	-
Deesa	B.T. Cotton	Closed	NA	-
Muktsar	B.T. Cotton	4100	4100	Unch
Fazilika	B.T. Cotton	4050	3950	100
Bhiwani	B.T. Cotton	4100	4100	Unch
Adampur	B.T. Cotton	4060	4040	20
Fatehabad	B.T. Cotton	NA	4150	-
Dabwali	B.T. Cotton	4020	3995	25
Jind	B.T. Cotton	4250	4200	50
Uchana (Jind)	B.T. Cotton	Closed	4000	-
Rawatsar (Hanumangarh)	B.T. Cotton	4020	4000	20
Hubli	B.T. Cotton	4209	4219	-10
Hathras	B.T. Cotton(US)	3600	3600	Unch
	Kapas	(Rs./Qtl.)		
Ahmedabad	Shankar-6	4050	4050	Unch
Gondal	Shankar-6	4205	4180	25
	Kapas	(Rs/Qtl)		
Hathras	Desi	4400	4600	-200
Bijapur	Bunny	4191	4189	2
Hubli	D.C.H.	4689	NA	-
Raichur	H-44 Cotton	4100	4100	Unch
Guntur	Un-Ginned	NA	4050	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	4050	-
East Godavari	Un-Ginned	NA	4000	-
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	3395	3370	25
Muktsar	J-34	3400	3375	25
Fazilika	J-34	3380	3390	-10
Bhatinda	J-34	3395	3380	15
Mansa	J-34	3490	3485	5

Sirsa	J-34	3320	3300	20
Sri-Ganganagar	J-34	3130	NA	-
Hanumangarh	B.T. Cotton	NA	4000	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		6-Nov-14	5-Nov-14	
Amravati	Mech-1	325	300	25
Khandwa	Mech-1	Closed	600	-
Khargaon	Mech-1	Closed	10000	-
Mahesana(Kadi)	B.T. Cotton	45000	25000	20000
Rajkot	B.T. Cotton	3000	2325	675
Patan	B.T. Cotton	Closed	42000	-
Deesa	B.T. Cotton	Closed	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	340	510	-170
Bhiwani	B.T. Cotton	5000	3000	2000
Adampur	B.T. Cotton	765	680	85
Fatehabad	B.T. Cotton	NA	1000	-
Dabwali	B.T. Cotton	500	600	-100
Jind	B.T. Cotton	595	850	-255
Uchana (Jind)	B.T. Cotton	Closed	1000	-
Rawatsar (Hanumangarh)	B.T. Cotton	1500	1500	Unch
Hubli	B.T. Cotton	82	170	-88
Hathras	B.T. Cotton(US)	30	200	-170
Ahmedabad	Shankar-6	34000	34000	Unch
Gondal	Shankar-6	2888	3200	-312
Hathras	Desi	1000	900	100
Bijapur	Bunny	755	683	72
Hubli	D.C.H.	20	NA	-
Raichur	H-44 Cotton	2362	2257	105
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	1700	Unch
Muktsar	J-34	NA	NA	-
Bhatinda	J-34	34000	32300	1700

Mansa	J-34	510	680	-170
Sirsa	J-34	1020	1700	-680
Sri-Ganganagar	J-34	3400	NA	-
Hanumangarh	B.T. Cotton	NA	5000	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				5-Nov-14	4-Nov-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	37000	37500	-500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	37600	38100	-500
J-34(202)	26mm	3.5 - 4.9	23	31000	31000	Unch
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	31900	32000	-100
Shankar-6(105)	29mm	3.5 – 4.9	28	32700	32800	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34000	34000	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34800	34800	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	43700	43700	Unch

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 6/11/2014

Index	RMB/Ton	Change
CCIndex(328)	14800	5
CCIndex(527)	13685	1
CCIndex(229)	15318	2

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

Cotlook Index: As on 5/11/2014

Cotlook Indices	Cents/Pound	Change
A-Index	68.85	-0.95

USDA Cotton Spot Rates: As on 5/11/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.45	65.21	127
North Delta	61.96	65.21	NIL
South Delta	61.96	65.21	NIL
East TX-OK	61.5	65.21	778
West Texas	61.75	65.21	5825
Desert SW	61.21	65.21	NIL
SJ Valley	61.46	65.21	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 5/11/2014

Contract	Open	High	Low	Close	Change
Dec-14	63.09	63.12	62.02	62.71	-0.09
Mar-15	61.95	62.25	61.27	61.87	-0.1
May-15	62.5	62.89	62	62.58	-0.17
Jul-15	63.76	63.76	62.92	63.39	-0.28
Oct-15	64.89	64.89	64.89	64.89	-0.28
Dec-15	65.62	65.62	65.08	65.52	-0.23

Pakistan Cotton Spot rates: As on 5/11/2014 (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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