

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone on Friday.

In The News: On the worrisome condition of farmers in Vidarbha, a congress delegation met Chief minister Devender Fadnavis and requested the state government to start the process of procurement in the region and pay higher minimum support price (MSP) in order to relief farmers from the crisis. It should be noted that the six more farmers have ended their lives in Vidarbha region in last two days on fears of crop loss.

The agriculture minister of Haryana, O P Dhankar, said that affected farmer will be compensated for the crop loss, if the field study proves the damage in the crop. He also said that the new BJP government formed in the state is dedicated to ensure genuine prices to the farmers for their produce including the paddy and cotton.

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.

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.

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	4.5	798	805	796	803.5	3287	-826	11420	160

Spread	Apr-15		
Spot	27.5	-	-

(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 07 Nov 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-14	0	15940	15980	15860	15940	626	-23	2215	-119
Dec-14	20	15810	15860	15770	15830	375	-273	5811	35
Jan-15	30	15870	15900	15810	15870	73	-269	918	34
Feb-15	20	15980	15980	15880	15950	30	-70	100	48
Mar-15	40	16040	16090	15980	16060	19	-11	30	86

Spread	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Spot	--				
Nov-14		-110			
Dec-14			40		
Jan-15				80	
Feb-15					110

*Updated at 5:00 pm on 07 Nov 2014

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		7-Nov-14	6-Nov-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4150	4150	Unch
Khandwa	Mech-1	4100	Closed	-
Khargaon	Mech-1	4100	Closed	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4250	4200	50
Rajkot	B.T. Cotton	4165	4140	25
Patan	B.T. Cotton	4175	Closed	-
Deesa	B.T. Cotton	3865	Closed	-
Muktsar	B.T. Cotton	4200	4100	100
Fazilika	B.T. Cotton	4060	4050	10
Bhiwani	B.T. Cotton	4100	4100	Unch
Adampur	B.T. Cotton	4090	4060	30
Fatehabad	B.T. Cotton	4125	4100	25
Dabwali	B.T. Cotton	4055	4020	35
Jind	B.T. Cotton	4155	4250	-95
Uchana (Jind)	B.T. Cotton	4050	Closed	-
Rawatsar (Hanumangarh)	B.T. Cotton	3990	4020	-30
Hubli	B.T. Cotton	4219	4209	10
Hathras	B.T. Cotton(US)	3600	3600	Unch
	Kapas			
Ahmedabad	Shankar-6	4100	4050	50
Gondal	Shankar-6	4230	4205	25
	Kapas			
Hathras	Desi	4400	4400	Unch
Bijapur	Bunny	4173	4191	-18
Hubli	D.C.H.	NA	4689	-
Raichur	H-44 Cotton	4070	4100	-30
Guntur	Un-Ginned	4050	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	4050	NA	-
East Godavari	Un-Ginned	4000	NA	-
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3415	3395	20
Muktsar	J-34	3415	3400	15
Fazilika	J-34	3400	3380	20
Bhatinda	J-34	3415	3395	20
Mansa	J-34	3405	3490	-85

Sirsa	J-34	3340	3320	20
Sri-Ganganagar	J-34	3149	3130	19
Hanumangarh	B.T. Cotton	4000	4025	-25

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		7-Nov-14	6-Nov-14	
Amravati	Mech-1	350	325	25
Khandwa	Mech-1	600	Closed	-
Khargaon	Mech-1	10000	Closed	-
Mahesana(Kadi)	B.T. Cotton	25000	45000	-20000
Rajkot	B.T. Cotton	4770	3000	1770
Patan	B.T. Cotton	25020	Closed	-
Deesa	B.T. Cotton	1050	Closed	-
Fazilika	B.T. Cotton	2000	2000	Unch
Muktsar	B.T. Cotton	510	340	170
Bhiwani	B.T. Cotton	4000	5000	-1000
Adampur	B.T. Cotton	765	765	Unch
Fatehabad	B.T. Cotton	1100	1500	-400
Dabwali	B.T. Cotton	1000	500	500
Jind	B.T. Cotton	604	595	9
Uchana (Jind)	B.T. Cotton	2000	Closed	-
Rawatsar (Hanumangarh)	B.T. Cotton	1000	1500	-500
Hubli	B.T. Cotton	94	82	12
Hathras	B.T. Cotton(US)	30	30	Unch
Ahmedabad	Shankar-6	34000	34000	Unch
Gondal	Shankar-6	2760	2888	-128
Hathras	Desi	700	1000	-300
Bijapur	Bunny	782	755	27
Hubli	D.C.H.	NA	20	-
Raichur	H-44 Cotton	2340	2362	-22
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	1870	1700	170
Muktsar	J-34	NA	NA	-
Bhatinda	J-34	35700	34000	1700
Mansa	J-34	1020	510	510

Sirsa	J-34	1445	1020	425
Sri-Ganganagar	J-34	3550	3400	150
Hanumangarh	B.T. Cotton	4000	3000	1000

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				6-Nov-14	5-Nov-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	36500	37000	-500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	37100	37600	-500
J-34(202)	26mm	3.5 - 4.9	23	31200	31000	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	32700	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 7/11/2014

Index	RMB/Ton	Change
CCIndex(328)	14795	-5
CCIndex(527)	13687	1
CCIndex(229)	15317	-1

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

Cotlook Index: As on 6/11/2014

Cotlook Indices	Cents/Pound	Change
A-Index	68.80	-0.05

USDA Cotton Spot Rates: As on 6/11/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.69	65.44	959
North Delta	62.19	64.94	96
South Delta	62.19	64.94	Nil
East TX-OK	61.75	62.75	1416
West Texas	62.00	62.50	3194
Desert SW	61.69	68.69	Nil
SJ Valley	61.94	71.84	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 6/11/2014

Contract	Open	High	Low	Close	Change
Dec-14	62.81	63.35	62.52	63.19	0.48
Mar-15	61.91	62.35	61.70	62.28	0.41
May-15	62.58	62.99	62.43	62.95	0.37
Jul-15	63.43	63.85	63.28	63.79	0.40
Oct-15	65.29	65.29	65.29	65.29	0.40
Dec-15	65.52	65.84	65.33	65.84	0.32

Pakistan Cotton Spot rates: As on 6/11/2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5100	150	5250
Equivalent	40 Kgs	5466	160	5626

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