

## Domestic Fundamentals:

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

**In The News:** The Trading Corporation of Pakistan (TCP) is likely to start its procurement operations of cotton from next week. TCP procurement rates fixed at Rs6,864 per maund may help ginneries get better price for cotton

Cotton Corporation of India (CCI) is likely to start purchasing soon from Gujarat.

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	-	-	-	-	-	-	-	-	-

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 on 08 Nov 2014

#### 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 on 08 Nov 2014

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

Centre	Variety	Prices		Change
		8-Nov-14	7-Nov-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4125	4150	-25
Khandwa	Mech-1	Closed	4100	-
Khargaon	Mech-1	Closed	4100	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4250	4250	Unch
Rajkot	B.T. Cotton	4160	4165	-5
Patan	B.T. Cotton	NA	4175	-
Deesa	B.T. Cotton	3905	3865	40
Muktsar	B.T. Cotton	4100	4200	-100
Fazilika	B.T. Cotton	4010	4060	-50
Bhiwani	B.T. Cotton	4100	4100	Unch
Adampur*	B.T. Cotton	4065	4090	-25
Fatehabad	B.T. Cotton	4125	4125	Unch
Dabwali*	B.T. Cotton	3990	4055	-65
Jind	B.T. Cotton	4150	4155	-5
Uchana (Jind)*	B.T. Cotton	4075	4050	25
Rawatsar (Hanumangarh)*	B.T. Cotton	4000	3990	10
Hubli	B.T. Cotton	NA	4219	-
Hathras	B.T. Cotton(US)	3600	3600	Unch
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4075	4100	-25
Gondal	Shankar-6	-	4230	-
	<b>Kapas</b>			
Hathras	Desi	4500	4400	100
Bijapur	Bunny	NA	4173	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	4070	-
Guntur	Un-Ginned	NA	4050	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	4050	-
East Godavari	Un-Ginned	NA	4000	-
	<b>Lint</b>	<b>Rs./Maund of 37.32kg each)</b>		
Abohar*	J-34	3405	3415	-10
Muktsar*	J-34	3400	3415	-15
Fazilika	J-34	3350	3400	-50
Bhatinda	J-34	3415	3415	Unch
Mansa*	J-34	3405	3405	Unch
Sirsa*	J-34	3320	3340	-20
Sri-Ganganagar*	J-34	3330	3149	181
Hanumangarh	B.T. Cotton	4000	4000	Unch

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		8-Nov-14	7-Nov-14	
Amravati	Mech-1	350	350	Unch
Khandwa	Mech-1	Closed	600	-
Khargaoon	Mech-1	Closed	10000	-
Mahesana(Kadi)	B.T. Cotton	35000	25000	10000
Rajkot	B.T. Cotton	4350	4770	-420
Patan	B.T. Cotton	NA	25020	-
Deesa	B.T. Cotton	1750	1050	700
Fazilika	B.T. Cotton	2000	2000	Unch
Muktsar	B.T. Cotton	340	510	-170
Bhiwani	B.T. Cotton	4000	4000	Unch
Adampur	B.T. Cotton	850	765	85
Fatehabad	B.T. Cotton	1300	1100	200
Dabwali	B.T. Cotton	800	1000	-200
Jind	B.T. Cotton	935	604	331
Uchana (Jind)	B.T. Cotton	1800	2000	-200
Rawatsar (Hanumangarh)	B.T. Cotton	1500	1000	500
Hubli	B.T. Cotton	NA	94	-
Hathras	B.T. Cotton(US)	30	30	Unch
Ahmedabad	Shankar-6	34000	34000	Unch
Gondal	Shankar-6	-	2760	-
Hathras	Desi	300	700	-400
Bijapur	Bunny	NA	782	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	2340	-
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	1870	-170
Muktsar*	J-34	NA	NA	-
Bhatinda*	J-34	30600	35700	-5100
Mansa	J-34	595	1020	-425
Sirsa*	J-34	1020	1445	-425
Sri-Ganganagar*	J-34	3400	3550	-150
Hanumangarh	B.T. Cotton	1000	4000	-3000

\*New crop

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				7-Nov-14	6-Nov-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	36500	36500	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	37100	37100	Unch
J-34(202)	26mm	3.5 - 4.9	23	31300	31200	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32100	32000	100
Shankar-6(105)	29mm	3.5 - 4.9	28	32900	32800	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34100	34000	100
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 7/11/2014**

Cotlook Indices	Cents/Pound	Change
A-Index	69.2	0.40

**USDA Cotton Spot Rates: As on 7/11/2014**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	63.46	66.21	608
North Delta	62.96	65.71	NIL
South Delta	62.96	65.71	NIL
East TX-OK	62.5	63.5	4651
West Texas	62.75	63.25	2842
Desert SW	61.96	68.96	700
SJ Valley	62.71	72.61	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 7/11/2014**

Contract	Open	High	Low	Close	Change
<b>Dec-14</b>	63.19	64.38	62.63	63.96	<b>0.77</b>
<b>Mar-15</b>	62.25	62.76	61.56	62.61	<b>0.33</b>
<b>May-15</b>	62.88	63.71	62.32	63.57	<b>0.62</b>
<b>Jul-15</b>	63.65	64.44	63.15	64.33	<b>0.54</b>
<b>Oct-15</b>	65.78	65.78	65.78	65.78	<b>0.49</b>
<b>Dec-15</b>	65.65	66.45	65.25	66.31	<b>0.47</b>

**Pakistan Cotton Spot rates: As on 7/11/2014 (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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