

## Domestic Fundamentals:

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

**In The News:** Karnataka government is planning to introduce a Karnataka Cotton bill, 2014 in order to regulate the cotton prices in the state. The bill foresees the constitution of an authority which would be headed by Directorate of Agriculture Department for setting of prices of Bt cotton seed each year. The department of agriculture has designed the bill on the outline Maharashtra Cotton Seed Act, 2009. The bill would like act safety umbrella by putting the obligation to the seed companies to pay the compensation on the crop failure and supply of spurious seeds. Bt was introduced in year 2002 in India, currently over six lakh hectares of land has been planted for Bt cotton in Karnataka state only.

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.

### 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	797	800	794	798.5	2969	-318	11536	116

Spread	Apr-15		
Spot	33.5	-	-

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)

\*updated on 10 Nov 2014 at 5:00 pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-14	10	15910	15960	15840	15910	831	2236	626	2215
Dec-14	30	15800	15870	15750	15850	728	5798	375	5811
Jan-15	60	15820	15910	15820	15910	221	958	73	918
Feb-15	30	15940	16000	15940	15990	17	566	30	557
Mar-15	70	16080	16130	16080	16130	34	477	19	444

Spread	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Spot	--				
Nov-14		-60			
Dec-14			60		
Jan-15				80	
Feb-15					140

\*updated on 10 Nov 2014 at 5:00 pm

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

Centre	Variety	Prices		Change
		10-Nov-14	8-Nov-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4150	4125	25
Khandwa	Mech-1	4100	Closed	-
Khargaon	Mech-1	4100	Closed	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4175	4250	-75
Rajkot	B.T. Cotton	4160	4160	Unch
Patan	B.T. Cotton	4200	4150	50
Deesa	B.T. Cotton	4105	3905	200
Muktsar	B.T. Cotton	4100	4100	Unch
Fazilika	B.T. Cotton	4025	4010	15
Bhiwani	B.T. Cotton	4000	4100	-100
Adampur	B.T. Cotton	4000	4065	-65
Fatehabad	B.T. Cotton	4050	4125	-75
Dabwali	B.T. Cotton	4005	3990	15
Jind	B.T. Cotton	4030	4150	-120
Uchana (Jind)	B.T. Cotton	4000	4075	-75
Rawatsar (Hanumangarh)	B.T. Cotton	3950	3970	-20
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	3500	3600	-100
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4100	4075	25
Gondal	Shankar-6	4130	NA	-
	<b>Kapas</b>			
Hathras	Desi	4500	4500	Unch
Bijapur	Bunny	5153	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	NA	-
Guntur	Un-Ginned	NA	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	3380	3405	-25
Muktsar	J-34	3380	3400	-20
Fazilika	J-34	3380	3350	30
Bhatinda	J-34	3380	3415	-35
Mansa	J-34	3375	3405	-30

Sirsa	J-34	3290	3320	<b>-30</b>
Sri-Ganganagar	J-34	3102	3130	<b>-28</b>
Hanumangarh	B.T. Cotton	4000	4000	<b>Unch</b>

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		10-Nov-14	8-Nov-14	
Amravati	Mech-1	300	350	<b>-50</b>
Khandwa	Mech-1	700	Closed	-
Khargaone	Mech-1	9000	Closed	-
Mahesana(Kadi)	B.T. Cotton	35000	35000	<b>Unch</b>
Rajkot	B.T. Cotton	4150	4350	<b>-200</b>
Patan	B.T. Cotton	30000	NA	-
Deesa	B.T. Cotton	1650	1750	<b>-100</b>
Fazilika	B.T. Cotton	0	NA	-
Muktsar	B.T. Cotton	510	340	<b>170</b>
Bhiwani	B.T. Cotton	5000	10000	<b>-5000</b>
Adampur	B.T. Cotton	1020	850	<b>170</b>
Fatehabad	B.T. Cotton	1500	1300	<b>200</b>
Dabwali	B.T. Cotton	1200	800	<b>400</b>
Jind	B.T. Cotton	850	935	<b>-85</b>
Uchana (Jind)	B.T. Cotton	1500	1800	<b>-300</b>
Rawatsar (Hanumangarh)	B.T. Cotton	1500	1500	<b>Unch</b>
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	60	30	<b>30</b>
Ahmedabad	Shankar-6	42500	34000	<b>8500</b>
Gondal	Shankar-6	2545	-	-
Hathras	Desi	400	300	<b>100</b>
Bijapur	Bunny	1678	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	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	1700	<b>Unch</b>
Muktsar	J-34	NA	NA	-
Bhatinda	J-34	34000	30600	<b>3400</b>
Mansa	J-34	1360	595	<b>765</b>

Sirsa	J-34	2040	1020	<b>1020</b>
Sri-Ganganagar	J-34	6800	3400	<b>3400</b>
Hanumangarh	B.T. Cotton	5000	1000	<b>4000</b>

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				8-Nov-14	7-Nov-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	36200	36500	<b>-300</b>
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36800	37100	<b>-300</b>
J-34(202)	26mm	3.5 - 4.9	23	31200	31300	<b>-100</b>
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32100	32100	<b>Unch</b>
Shankar-6(105)	29mm	3.5 - 4.9	28	32900	32900	<b>Unch</b>
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34100	34100	<b>Unch</b>
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34800	34800	<b>Unch</b>
DCH-32(107)	34mm	3.0 - 3.8	33	43700	43700	<b>Unch</b>

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 10/11/2014**

Index	RMB/Ton	Change
CCIndex(328)	14792	<b>-3</b>
CCIndex(527)	13685	<b>-2</b>
CCIndex(229)	15317	<b>Unch</b>

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

**Cotlook Index: As on 7/11/2014**

Cotlook Indices	Cents/Pound	Change
A-Index	69.2	<b>0.40</b>

**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	<b>608</b>
North Delta	62.96	65.71	<b>NIL</b>
South Delta	62.96	65.71	<b>NIL</b>
East TX-OK	62.5	63.5	<b>4651</b>
West Texas	62.75	63.25	<b>2842</b>
Desert SW	61.96	68.96	<b>700</b>
SJ Valley	62.71	72.61	<b>NIL</b>

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 8/11/2014 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5000	150	5150
Equivalent	40 Kgs	5358	160	5518

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