

Domestic Fundamentals:

Market Outlook: Cotton market noticed mostly weak tone on Tuesday.

In The News: Sharad Pawar, President of Nationalist Congress Party (NCP) has blamed the newly formed BJP government for ignoring farmers in the state. According to him, farmers particularly of cotton and sugarcane are facing troublesome situation as they are getting low prices of their produce and BJP government has also stopped procuring cotton from this year. Furthermore the subsidy of Rs. 300 per quintal which was given to the farmers by the state government has also been terminated.

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.

International Fundamentals:

USDA has raised the world cotton production estimates for the season 2014/15. Output of cotton would be around 26.04 million tonnes in the current season (2014/15) which was projected 25.99 million tonnes last month. According to USDA, global cotton production stood 26.90 million tonnes during previous season (2013/14).

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.

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	1.5	796.5	798.5	791.5	797.5	2493	-476	11394	-142

Spread	Apr-15		
Spot	34.5	-	-

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

*updated on 11 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	50	15880	15950	15850	15940	412	-419	2046	-190
Dec-14	80	15800	15880	15760	15880	856	128	6055	257
Jan-15	110	15850	15950	15810	15950	327	106	1036	78
Feb-15	80	15930	16060	15920	16060	69	52	17	66
Mar-15	80	16050	16160	16020	16150	87	53	34	94

Spread	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Spot	--				
Nov-14		-60			
Dec-14			70		
Jan-15				110	
Feb-15					90

*updated on 11 Nov 2014 at 5:00 pm

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		11-Nov-14	10-Nov-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4125	4150	-25
Khandwa	Mech-1	4050	4100	-50
Khargaon	Mech-1	4050	4100	-50
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4000	4175	-175
Rajkot	B.T. Cotton	4150	4160	-10
Patan	B.T. Cotton	4130	4200	-70
Deesa	B.T. Cotton	3925	4105	-180
Muktsar	B.T. Cotton	4050	4100	-50
Fazilika	B.T. Cotton	4000	4025	-25
Bhiwani	B.T. Cotton	3950	4000	-50
Adampur	B.T. Cotton	3990	4000	-10
Fatehabad	B.T. Cotton	4010	4050	-40
Dabwali	B.T. Cotton	3880	4005	-125
Jind	B.T. Cotton	4000	4030	-30
Uchana (Jind)	B.T. Cotton	4100	4000	100
Rawatsar (Hanumangarh)	B.T. Cotton	3950	3950	Unch
Hubli	B.T. Cotton	4209	NA	-
Hathras	B.T. Cotton(US)	3500	3500	Unch
	Kapas			
Ahmedabad	Shankar-6	4050	4100	-50
Gondal	Shankar-6	4180	4130	50
	Kapas			
Hathras	Desi	4500	4500	Unch
Bijapur	Bunny	4145	NA	-
Hubli	D.C.H.	4519	4689	-170
Raichur	H-44 Cotton	4200	4100	100
Guntur	Un-Ginned	4050	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	4000	4000	Unch
	Lint	Rs./Maunder of 37.32kg each)		
Abohar	J-34	3380	3380	Unch
Muktsar	J-34	3380	3380	Unch
Fazilika	J-34	3385	3380	5
Bhatinda	J-34	3375	3380	-5
Mansa	J-34	3385	3375	10
Sirsa	J-34	3300	3290	10
Sri-Ganganagar	J-34	3102	3102	Unch
Hanumangarh	B.T. Cotton	3950	4000	-50

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		11-Nov-14	10-Nov-14	
Amravati	Mech-1	350	300	50
Khandwa	Mech-1	1100	700	400
Khargaon	Mech-1	12000	9000	3000
Mahesana(Kadi)	B.T. Cotton	45000	35000	10000
Rajkot	B.T. Cotton	3975	4150	-175
Patan	B.T. Cotton	32000	30000	2000
Deesa	B.T. Cotton	1300	1650	-350
Fazilika	B.T. Cotton	1500	1500	Unch
Muktsar	B.T. Cotton	425	510	-85
Bhiwani	B.T. Cotton	3000	5000	-2000
Adampur	B.T. Cotton	1020	1020	Unch
Fatehabad	B.T. Cotton	2000	1500	500
Dabwali	B.T. Cotton	1000	1200	-200
Jind	B.T. Cotton	1020	850	170
Uchana (Jind)	B.T. Cotton	2000	1500	500
Rawatsar (Hanumangarh)	B.T. Cotton	400	1500	-1100
Hubli	B.T. Cotton	144	NA	-
Hathras	B.T. Cotton(US)	35	60	-25
Ahmedabad	Shankar-6	42500	42500	Unch
Gondal	Shankar-6	3368	2545	823
Hathras	Desi	250	400	-150
Bijapur	Bunny	1228	1678	-450
Hubli	D.C.H.	2	100	-98
Raichur	H-44 Cotton	3000	4709	-1709
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
Bhatinda	J-34	39100	34000	5100
Mansa	J-34	1190	1360	-170
Sirsa	J-34	1700	2040	-340
Sri-Ganganagar	J-34	5950	6800	-850
Hanumangarh	B.T. Cotton	3000	5000	-2000

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				10-Nov-14	8-Nov-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	35400	36200	-800
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36000	36800	-800
J-34(202)	26mm	3.5 - 4.9	23	30900	31200	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32000	32100	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	32800	32900	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34000	34100	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34700	34800	-100
DCH-32(107)	34mm	3.0 - 3.8	33	43500	43700	-200

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

Index	RMB/Ton	Change
CCIndex(328)	14801	9
CCIndex(527)	13686	1
CCIndex(229)	15325	8

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

Cotlook Index: As on 10/11/2014:

Cotlook Indices	Cents/Pound	Change
A-Index	69.55	0.35

USDA Cotton Spot Rates: As on 10/11/2014:

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	61.93	64.68	700
North Delta	61.43	64.18	Nil
South Delta	61.43	64.18	Nil
East TX-OK	61.00	62.00	8957
West Texas	61.25	61.75	4796
Desert SW	60.43	67.43	494
SJ Valley	61.18	71.08	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 10/11/2014:

Contract	Open	High	Low	Close	Change
Dec-14	63.98	65.77	62.28	62.43	-1.53
Mar-15	62.60	63.70	61.07	61.32	-1.29
May-15	63.86	64.48	62.10	62.36	-1.21
Jul-15	64.00	65.08	62.99	63.23	-1.10
Oct-15	64.56	64.56	64.56	64.56	-1.22
Dec-15	66.35	66.95	65.50	65.81	-0.50

Pakistan Cotton Spot rates: As on 10/11/2014 (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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