

## Domestic Fundamentals:

**Market Outlook:** Cotton market noticed mostly weak tone on Wednesday.

**In The News:** Agriculture Minister Radha Mohan Singh has called a meeting with textile and commerce counterparts in order to discuss the measure to control the continuously falling cotton prices. Cotton price in many states including Andhra Pradesh and Telangana are ruling below the minimum support price (MSP). In Andhra Pradesh and Telangana Cotton Corporation of India has started the procurement process in order to check the fall of cotton price below the MSP.

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.

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.

### 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	3	797.5	802.5	797	800.5	2193	-300	11510	116

Spread	Apr-15		
Spot	9.5	-	-

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

\*updated on 12 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	40	15980	16030	15930	15990	290	-122	2047	1
Dec-14	50	15920	15980	15880	15940	525	-331	6060	5
Jan-15	80	15960	16050	15960	16020	148	-179	1073	37
Feb-15	50	16090	16180	16090	16130	128	59	737	105
Mar-15	50	16200	16300	16200	16250	179	92	696	125
Apr-15	320	16370	16400	16370	16390	18	--	18	--

Spread	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Spot	--					
Nov-14		50				
Dec-14			-80			
Jan-15				-110		
Feb-15					-120	
Apr-15						-140

\*updated on 12 Nov 2014 at 5:00 pm

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

Centre	Variety	Prices		Change
		12-Nov-14	11-Nov-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4090	4125	<b>-35</b>
Khandwa	Mech-1	4000	4050	<b>-50</b>
Khargaon	Mech-1	4000	4050	<b>-50</b>
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4200	4000	<b>200</b>
Rajkot	B.T. Cotton	4050	4150	<b>-100</b>
Patan	B.T. Cotton	3900	4130	<b>-230</b>
Deesa	B.T. Cotton	3905	3925	<b>-20</b>
Muktsar	B.T. Cotton	4100	4050	<b>50</b>
Fazilika	B.T. Cotton	4025	4000	<b>25</b>
Bhiwani	B.T. Cotton	4000	3950	<b>50</b>
Adampur	B.T. Cotton	4025	3990	<b>35</b>
Fatehabad	B.T. Cotton	4025	4010	<b>15</b>
Dabwali	B.T. Cotton	3920	3880	<b>40</b>
Jind	B.T. Cotton	4120	4000	<b>120</b>
Uchana (Jind)	B.T. Cotton	3990	4100	<b>-110</b>
Rawatsar (Hanumangarh)	B.T. Cotton	3950	3950	<b>Unch</b>
Hubli	B.T. Cotton	NA	4209	<b>-</b>
Hathras	B.T. Cotton(US)	3500	3500	<b>Unch</b>
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4100	4050	<b>50</b>
Gondal	Shankar-6	4055	4180	<b>-125</b>
	<b>Kapas</b>			
Hathras	Desi	4500	4500	<b>Unch</b>
Bijapur	Bunny	4120	4145	<b>-25</b>
Hubli	D.C.H.	NA	4519	<b>-</b>
Raichur	H-44 Cotton	4100	4200	<b>-100</b>
Guntur	Un-Ginned	4050	4050	<b>Unch</b>
Kurnool	Un-Ginned	NA	NA	<b>-</b>
Krishna	Un-Ginned	NA	4050	<b>-</b>
East Godavari	Un-Ginned	4000	4000	<b>Unch</b>
	<b>Lint</b>	<b>Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	3385	3380	<b>5</b>
Muktsar	J-34	3400	3380	<b>20</b>
Fazilika	J-34	3380	3385	<b>-5</b>
Bhatinda	J-34	3350	3375	<b>-25</b>
Mansa	J-34	3385	3385	<b>Unch</b>
Sirsa	J-34	3300	3300	<b>Unch</b>
Sri-Ganganagar	J-34	3102	3102	<b>Unch</b>
Hanumangarh	B.T. Cotton	4000	3950	<b>50</b>

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		12-Nov-14	11-Nov-14	
Amravati	Mech-1	275	350	-75
Khandwa	Mech-1	900	1100	-200
Kharggaone	Mech-1	13000	12000	1000
Mahesana(Kadi)	B.T. Cotton	25000	45000	-20000
Rajkot	B.T. Cotton	3750	3975	-225
Patan	B.T. Cotton	27160	32000	-4840
Deesa	B.T. Cotton	1350	1300	50
Fazilika	B.T. Cotton	1200	1500	-300
Muktsar	B.T. Cotton	510	425	85
Bhiwani	B.T. Cotton	5000	3000	2000
Adampur	B.T. Cotton	1020	1020	Unch
Fatehabad	B.T. Cotton	1800	2000	-200
Dabwali	B.T. Cotton	1000	1000	Unch
Jind	B.T. Cotton	765	1020	-255
Uchana (Jind)	B.T. Cotton	1980	2000	-20
Rawatsar (Hanumangarh)	B.T. Cotton	1000	400	600
Hubli	B.T. Cotton	NA	144	-
Hathras	B.T. Cotton(US)	12	35	-23
Ahmedabad	Shankar-6	42500	42500	Unch
Gondal	Shankar-6	2679	3368	-689
Hathras	Desi	300	250	50
Bijapur	Bunny	1290	1228	62
Hubli	D.C.H.	NA	2	-
Raichur	H-44 Cotton	1612	3000	-1388
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	2040	1700	340
Bhatinda	J-34	34000	39100	-5100
Mansa	J-34	1020	1190	-170
Sirsa	J-34	2040	1700	340
Sri-Ganganagar	J-34	6800	5950	850
Hanumangarh	B.T. Cotton	3000	3000	Unch

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				11-Nov-14	10-Nov-14	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	34500	35400	<b>-900</b>
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	35100	36000	<b>-900</b>
J-34(202)	26mm	3.5 - 4.9	23	30900	30900	<b>Unch</b>
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31900	32000	<b>-100</b>
Shankar-6(105)	29mm	3.5 - 4.9	28	32600	32800	<b>-200</b>
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33900	34000	<b>-100</b>
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34600	34700	<b>-100</b>
DCH-32(107)	34mm	3.0 - 3.8	33	43000	43500	<b>-500</b>

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 12/11/2014**

Index	RMB/Ton	Change
CCIndex(328)	14802	<b>1</b>
CCIndex(527)	13687	<b>1</b>
CCIndex(229)	15327	<b>2</b>

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

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

Cotlook Indices	Cents/Pound	Change
A-Index	68.35	<b>-1.20</b>

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

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

Contract	Open	High	Low	Close	Change
<b>Dec-14</b>	62.30	64.50	62.30	63.30	<b>0.87</b>
<b>Mar-15</b>	61.30	62.50	61.03	61.53	<b>0.21</b>
<b>May-15</b>	62.23	63.38	62.05	62.57	<b>0.21</b>
<b>Jul-15</b>	63.44	64.25	63.19	63.45	<b>0.22</b>
<b>Oct-15</b>	64.77	64.77	64.77	64.77	<b>0.21</b>
<b>Dec-15</b>	65.89	66.51	65.70	65.93	<b>0.12</b>

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