

## Domestic Fundamentals:

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

**In The News:** The USA sold 158,300 bales (each bale weighs 480 pounds) of upland cotton during the week ended Nov. 6, up 88% from the prior four-week average. Net USA cotton export sales for the season began Aug. 1, up by 35% from the year-earlier period, according to the U.S. Department of Agriculture.

Cotton futures rose on Friday from the five-year low on better-than-expected US export data assuaged some demand concerns. The most-active March cotton contract on ICE Futures US gained 1.5%, to settle at 59.63 cents a lb, rebounding from the previous session's low of 58.57, the lowest level since September 2009.

Farmers of agriculture crops including cotton could face trouble selling their produce at minimum selling price (MSP) as NAFED, the main agency which undertakes the MSP procurement is through the severe financial crisis. The National Agriculture Cooperative Marketing Federation of India (NAFED) facing the liquidity crunch which is making it impaired to go for any MSP operation. Besides the sum of Rs. 300 crore which is owed to it by central government, it has the hole of Rs. 1200 crore in its accounts book due to an investment fraud.

Cotton production in India would be around 405.50 lakh bales this season (Oct'14-Sep'15) compared to 407.25 lakh bales a season ago, according to Cotton Association of India (CAI). The decline in the crop output is anticipated due to fall in productivity in Gujarat, the major cotton producing state in India. According to CAI, Gujarat is likely to produce 126 lakh bales of cotton this year compared to 129.25 lakh bales last year. The total supply would be around 477.40 lakh bales, domestic consumption is projected to be around 306 lakh bales, and hence leaving the surplus of 171.40 lakh bales estimated CAI in its balance sheet for season 2014-15.

In order to discuss the measures to control the continuously falling cotton prices, Agriculture Minister Radha Mohan Singh has called a meeting and discussed with textile and commerce counterparts. The government has decided to set up more procurement centers primarily in major cotton producing states including Gujarat, Maharashtra, Andhra Pradesh and Telangana. Cotton Corporation of India (CCI) has been asked to procure the produce by setting up procurement centers wherever the prices are ruling below the MSP. To relief the farmers from the price crash, the government has freed the cotton procurement from cap i.e. they agencies would buy the whatever quantity comes to them.

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.

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.

### 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.

### 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	791	793.5	786	788	2720	-668	12189	564

Spread	Apr-15		
Spot	--	-	-

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

\*Last Update till 5 PM on 17-Nov.2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-14	10	15860	15870	15800	15850	299	-258	1902	-16
Dec-14	20	15790	15790	15680	15750	496	-608	6045	45
Jan-15	20	15810	15850	15760	15830	324	22	1580	164
Feb-15	10	15950	15960	15910	15960	12	-76	790	1
Mar-15	-10	16050	16080	16050	16080	10	-22	736	-1
Apr-15	--	--	--	--	--	--	--	--	--

Spread	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Spot	--					
Nov-14		100				
Dec-14			-80			
Jan-15				-130		
Feb-15					-120	
Apr-15						

\*\*Last Update till 5 PM on 17-Nov.2014

### DOMESTIC PRICES AND ARRIVALS

#### Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		17-Nov-14	15-Nov-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4050	4100	<b>-50</b>
Khandwa	Mech-1	NR	NR	-
Khargaon	Mech-1	NR	NR	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4100	4175	<b>-75</b>
Rajkot	B.T. Cotton	4140	NR	-
Patan	B.T. Cotton	4175	4110	<b>65</b>
Deesa	B.T. Cotton	3905	3965	<b>-60</b>
Muktsar	B.T. Cotton	4100	4100	<b>Unch</b>
Fazilika	B.T. Cotton	4025	3950	<b>75</b>
Bhiwani	B.T. Cotton	4050	4000	<b>50</b>
Adampur	B.T. Cotton	NR	3950	-
Fatehabad	B.T. Cotton	4000	NR	-
Dabwali	B.T. Cotton	3980	3965	<b>15</b>
Jind	B.T. Cotton	4050	4050	<b>Unch</b>
Uchana (Jind)	B.T. Cotton	4020	4000	<b>20</b>
Rawatsar (Hanumangarh)	B.T. Cotton	3950	3950	<b>Unch</b>
Hubli	B.T. Cotton	NA	NR	-
Hathras	B.T. Cotton(US)	NR	3600	-
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4100	4100	<b>Unch</b>
Gondal	Shankar-6	4080	NA	-
	<b>Kapas</b>			
Hathras	Desi	NR	4500	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4100	NA	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	4250	NA	-
Krishna	Un-Ginned	4050	NA	-
East Godavari	Un-Ginned	NA	NA	-
	<b>Lint</b>	<b>Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	3410	3395	<b>15</b>
Muktsar	J-34	3400	3390	<b>10</b>
Fazilika	J-34	3410	3375	<b>35</b>
Bhatinda	J-34	3410	3400	<b>10</b>
Mansa	J-34	3395	3390	<b>5</b>
Sirsa	J-34	3320	3305	<b>15</b>
Sri-Ganganagar	J-34	3140	3121	<b>19</b>
Hanumangarh	B.T. Cotton	3950	3950	<b>Unch</b>

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		17-Nov-14	15-Nov-14	
Amravati	Mech-1	350	300	50
Khandwa	Mech-1	NR	NR	-
Khargaone	Mech-1	NR	NR	-
Mahesana(Kadi)	B.T. Cotton	15000	20000	-5000
Rajkot	B.T. Cotton	4111	NA	-
Patan	B.T. Cotton	26170	25602	568
Deesa	B.T. Cotton	1000	1775	-775
Fazilika	B.T. Cotton	2000	2000	Unch
Muktsar	B.T. Cotton	510	425	85
Bhiwani	B.T. Cotton	3500	3000	500
Adampur	B.T. Cotton	NA	1020	-
Fatehabad	B.T. Cotton	2000	NA	-
Dabwali	B.T. Cotton	1700	850	850
Jind	B.T. Cotton	850	842	8
Uchana (Jind)	B.T. Cotton	2100	2000	100
Rawatsar (Hanumangarh)	B.T. Cotton	800	1000	-200
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	100	NA	-
Ahmedabad	Shankar-6	17000	39100	-22100
Gondal	Shankar-6	796	NA	-
Hathras	Desi	NR	400	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	2280	NA	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	9	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	2040	2040	Unch
Bhatinda	J-34	39100	37400	1700
Mansa	J-34	1360	1190	170
Sirsa	J-34	2040	1700	340
Sri-Ganganagar	J-34	6800	5100	1700
Hanumangarh	B.T. Cotton	3000	1000	2000

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				15-Nov-14	14-Nov-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	32700	32700	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	33200	33200	Unch
J-34(202)	26mm	3.5 - 4.9	23	30900	30800	100
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	31700	31700	Unch
Shankar-6(105)	29mm	3.5 – 4.9	28	32500	32400	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33500	33400	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34200	34400	-200
DCH-32(107)	34mm	3.0 - 3.8	33	43000	43000	Unch

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 17/11/2014**

Index	RMB/Ton	Change
CCIndex(328)	14773	-13
CCIndex(527)	13667	-6
CCIndex(229)	15299	-11

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

**Cotlook Index: As on 14/11/2014**

Cotlook Indices	Cents/Pound	Change
A-Index	66.00	-1.40

**USDA Cotton Spot Rates: As on 14/11/2014**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	59.38	62.13	1212
North Delta	58.38	61.13	Nil
South Delta	58.38	61.13	Nil
East TX-OK	56.75	57.75	822
West Texas	57.25	57.75	840
Desert SW	57.13	64.13	Nil
SJ Valley	58.38	68.28	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 14/11/2014**

Contract	Open	High	Low	Close	Change
<b>Dec-14</b>	59.76	60.37	59.60	59.80	<b>0.07</b>
<b>Mar-15</b>	58.75	59.7	58.75	59.63	<b>0.88</b>
<b>May-15</b>	59.82	60.71	59.81	60.66	<b>0.84</b>
<b>Jul-15</b>	60.75	61.61	60.75	61.58	<b>0.83</b>
<b>Oct-15</b>	63.02	63.02	63.02	63.02	<b>0.83</b>
<b>Dec-15</b>	63.42	64	63.3	63.98	<b>0.83</b>

**Pakistan Cotton Spot rates: As on 15/11/2014 (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

**Disclaimer**

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2014 Indian Agribusiness Systems Pvt. Ltd.

**Disclaimer**

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2014 Indian Agribusiness Systems Pvt. Ltd.