

## Domestic Fundamentals:

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

**In The News:** Cotton consumption of India in marketing year (Oct 2013-sept 14) is estimated 6% higher at 291.28 lakh bales, which was 275.34 lakh bales last year, as revealed by data released by Ministry of Textile. The consumption has noticed a rise of 35% in year 2013-14 when compared to the year 2006-07, when the figure was 216.18 lakh bales. Cotton consumption in India is likely to rise to 305 lakh bales this year following the amplified demand from textile mills.

The major cotton producing nations including India, China and Pakistan are worried about the crashing of cotton prices. Prices of cotton in these countries have fallen by around 25-30%. As the situation is hurting cotton growers, these countries have started taking steps to rescue the falling prices either by market intervention or by presenting subsidies to the farmers.

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 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.

### International Fundamentals:

China monthly cotton imports hits its five year low in October this year. The country has imported 81,900 tonnes of cotton in the October month, 42% lower when compared to same month last year. Also, for the first time, monthly import of the fiber fell below the level of 100,000 tonnes since October 2010. Besides the delayed harvest in major exporting nations including India and USA, the restriction on subsidized imports has lowered the import. China limits the low tariff import up to 2.3 million tonnes this year which was 4.2 million tonnes previous year.

According to the latest report released by USDA, as on November 16, 2014, 69% of cotton has been harvested as compared to 62% last week. The same was 66% last year and 74% as five year average.

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).

### 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	9.5	786	797	786	795	3425	37	12530	905

  

Spread	Apr-15		
Spot	25	-	-

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

\*Updated at 5:00 PM on 19-Nov.2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-14	30	16010	16090	15980	16010	397	-823	1537	-9
Dec-14	30	15840	15890	15820	15850	582	-744	5986	-23
Jan-15	40	15960	16000	15940	15960	161	-280	1826	53
Feb-15	30	16090	16120	16060	16080	20	-35	833	14
Mar-15	70	16260	16290	16250	16270	96	4	853	76
Apr-15	--	--	--	--	--	--	--	--	--

  

Spread	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Spot	--					
Nov-14		160				
Dec-14			-110			
Jan-15				-120		
Feb-15					-190	
Apr-15						

\*Updated at 5: 00 PM on 19-Nov.2014

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

Centre	Variety	Prices		Change
		19-Nov-14	18-Nov-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4050	4075	<b>-25</b>
Khandwa	Mech-1	NR	NR	-
Khargaon	Mech-1	NR	NR	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4175	4150	<b>25</b>
Rajkot	B.T. Cotton	4145	4100	<b>45</b>
Patan	B.T. Cotton	4180	4170	<b>10</b>
Deesa	B.T. Cotton	3950	3950	<b>Unch</b>
Muktsar	B.T. Cotton	4100	4050	<b>50</b>
Fazilika	B.T. Cotton	4050	4041	<b>9</b>
Bhiwani	B.T. Cotton	4080	4080	<b>Unch</b>
Adampur	B.T. Cotton	3960	3940	<b>20</b>
Fatehabad	B.T. Cotton	3980	3980	<b>Unch</b>
Dabwali	B.T. Cotton	3980	3965	<b>15</b>
Jind	B.T. Cotton	4025	4000	<b>25</b>
Uchana (Jind)	B.T. Cotton	4025	4000	<b>25</b>
Rawatsar (Hanumangarh)	B.T. Cotton	3950	3950	<b>Unch</b>
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	3700	3800	<b>-100</b>
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4150	4150	<b>Unch</b>
Gondal	Shankar-6	4055	4040	<b>15</b>
	<b>Kapas</b>			
Hathras	Desi	4500	4500	<b>Unch</b>
Bijapur	Bunny	4041	4040	<b>1</b>
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4000	4100	<b>-100</b>
Guntur	Un-Ginned	4050	NA	-
Kurnool	Un-Ginned	4250	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	4000	4000	<b>Unch</b>
	<b>Lint</b>	<b>Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	3400	3405	<b>-5</b>
Muktsar	J-34	3405	3400	<b>5</b>
Fazilika	J-34	3425	3415	<b>10</b>
Bhatinda	J-34	3405	3400	<b>5</b>
Mansa	J-34	3400	3400	<b>Unch</b>
Sirsa	J-34	3320	3310	<b>10</b>
Sri-Ganganagar	J-34	3196	3130	<b>66</b>
Hanumangarh	B.T. Cotton	3950	3950	<b>Unch</b>

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		19-Nov-14	18-Nov-14	
Amravati	Mech-1	500	350	150
Khandwa	Mech-1	NR	NR	-
Kharggaone	Mech-1	NR	NR	-
Mahesana(Kadi)	B.T. Cotton	15000	20000	-5000
Rajkot	B.T. Cotton	3550	2150	1400
Patan	B.T. Cotton	21700	26010	-4310
Deesa	B.T. Cotton	1150	1500	-350
Fazilika	B.T. Cotton	2500	2000	500
Muktsar	B.T. Cotton	510	510	Unch
Bhiwani	B.T. Cotton	4000	4000	Unch
Adampur	B.T. Cotton	1360	1360	Unch
Fatehabad	B.T. Cotton	2200	2200	Unch
Dabwali	B.T. Cotton	1800	1800	Unch
Jind	B.T. Cotton	170	102	68
Uchana (Jind)	B.T. Cotton	2000	2000	Unch
Rawatsar (Hanumangarh)	B.T. Cotton	1000	1000	Unch
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	100	100	Unch
Ahmedabad	Shankar-6	42500	28900	13600
Gondal	Shankar-6	2444	2222	222
Hathras	Desi	100	300	-200
Bijapur	Bunny	1280	1132	148
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	3650	2962	688
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	37400	38250	-850
Mansa	J-34	1360	1530	-170
Sirsa	J-34	2550	2040	510
Sri-Ganganagar	J-34	7650	6800	850
Hanumangarh	B.T. Cotton	1500	1500	Unch

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				18-Nov-14	17-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	30900	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31800	31800	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	32600	32600	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33600	33600	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34300	34300	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	43000	43000	Unch

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 19/11/2014**

Index	RMB/Ton	Change
CCIndex(328)	14706	-30
CCIndex(527)	13637	-22
CCIndex(229)	15229	-48

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

**Cotlook Index: As on 18/11/2014**

Cotlook Indices	Cents/Pound	Change
A-Index	66.15	-0.45

**USDA Cotton Spot Rates: As on 18/11/2014**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	59.61	62.36	2876
North Delta	58.61	61.36	Nil
South Delta	58.61	61.36	Nil
East TX-OK	57.00	58.00	9483
West Texas	57.75	58.25	9848
Desert SW	57.36	64.36	Nil
SJ Valley	58.61	68.51	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 18/11/2014**

Contract	Open	High	Low	Close	Change
<b>Dec-14</b>	58.84	60.10	58.56	59.97	<b>1.16</b>
<b>Mar-15</b>	59.11	59.92	58.91	59.86	<b>0.76</b>
<b>May-15</b>	60.07	60.85	59.87	60.81	<b>0.69</b>
<b>Jul-15</b>	60.96	61.75	60.87	61.75	<b>0.70</b>
<b>Oct-15</b>	63.20	63.20	63.20	63.20	<b>0.71</b>
<b>Dec-15</b>	64.15	64.17	63.26	64.17	<b>0.72</b>

**Pakistan Cotton Spot rates: As on 18/11/2014 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	4900	150	5050
Equivalent	40 Kgs	5251	160	5411

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