

Domestic Fundamentals:

Market Outlook: Cotton market noticed steady to weak tone on Thursday.

In The News: The Textile Minister, Shri Santosh Kumar Gangwar instructed Cotton Corporation of India (CCI) yesterday in a meeting to closely supervise and control the cotton prices. He told CCI to set up additional procurement centers wherever required and to ensure the hassle free, direct payment to farmers' bank account as foreseen in Pradhan Mantri Jan Dhan Yojana. He also expressed the need of escalation in exports of cotton and exploration of new export destinations.

The revised duty drawback rates, announced by the Union Government have brought delight for textile exporters and stakeholder. Additional product categories have been included and the drawback caps have been increased for textile exports, said Cotton Textile Export Promotion. Separate rate have been fixed for cotton yarn above 50s count. The upward revision in the rates will boost the exports and promote the value addition.

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.

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	5	792	799	792	797.5	2742	956	12815	452

Spread	Apr-15		
Spot	22.5	-	-

(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 20-Nov.2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-14	70	15940	16040	15940	16030	146	-251	1477	-60
Dec-14	90	15780	15890	15780	15870	639	57	6103	117
Jan-15	80	15890	15960	15890	15940	254	93	2025	199
Feb-15	90	16040	16090	16020	16090	72	52	917	84
Mar-15	80	16250	16290	16220	16280	100	4	977	124
Apr-15	--	--	--	--	--	--	--	--	--

Spread	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Spot	--					
Nov-14		160				
Dec-14			-70			
Jan-15				-150		
Feb-15					-190	
Apr-15						--

*Updated at 5: 00 PM on 20-Nov.2014

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		20-Nov-14	19-Nov-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4050	4050	Unch
Khandwa	Mech-1	NR	NR	-
Khargaon	Mech-1	NR	NR	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4200	4175	25
Rajkot	B.T. Cotton	4100	4145	-45
Patan	B.T. Cotton	4175	4180	-5
Deesa	B.T. Cotton	3950	3950	Unch
Muktsar	B.T. Cotton	4100	4100	Unch
Fazilika	B.T. Cotton	4010	4050	-40
Bhiwani	B.T. Cotton	4000	4080	-80
Adampur	B.T. Cotton	3950	3960	-10
Fatehabad	B.T. Cotton	3980	3980	Unch
Dabwali	B.T. Cotton	3980	3980	Unch
Jind	B.T. Cotton	4020	4025	-5
Uchana (Jind)	B.T. Cotton	3900	4025	-125
Rawatsar (Hanumangarh)	B.T. Cotton	3920	3950	-30
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	3800	3700	100
	Kapas			
Ahmedabad	Shankar-6	4150	4150	Unch
Gondal	Shankar-6	4155	4055	100
	Kapas			
Hathras	Desi	4800	4500	300
Bijapur	Bunny	4057	4041	16
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4000	4000	Unch
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4250	4250	Unch
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	4000	-
	Lint	Rs./Maunder of 37.32kg each)		
Abohar	J-34	3405	3400	5
Muktsar	J-34	3405	3405	Unch
Fazilika	J-34	3405	3425	-20
Bhatinda	J-34	3410	3405	5
Mansa	J-34	3400	3400	Unch
Sirsa	J-34	3320	3320	Unch
Sri-Ganganagar	J-34	3111	3196	-85
Hanumangarh	B.T. Cotton	4000	3950	50

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		20-Nov-14	19-Nov-14	
Amravati	Mech-1	400	500	-100
Khandwa	Mech-1	NR	NR	-
Khargaone	Mech-1	NR	NR	-
Mahesana(Kadi)	B.T. Cotton	20000	15000	5000
Rajkot	B.T. Cotton	3475	3550	-75
Patan	B.T. Cotton	21026	21700	-674
Deesa	B.T. Cotton	1475	1150	325
Fazilika	B.T. Cotton	2000	2500	-500
Muktsar	B.T. Cotton	510	510	Unch
Bhiwani	B.T. Cotton	3000	4000	-1000
Adampur	B.T. Cotton	1190	1360	-170
Fatehabad	B.T. Cotton	2000	2200	-200
Dabwali	B.T. Cotton	2300	1800	500
Jind	B.T. Cotton	510	170	340
Uchana (Jind)	B.T. Cotton	2200	2000	200
Rawatsar (Hanumangarh)	B.T. Cotton	800	1000	-200
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	100	-
Ahmedabad	Shankar-6	42500	42500	Unch
Gondal	Shankar-6	2123	2444	-321
Hathras	Desi	150	100	50
Bijapur	Bunny	1454	1280	174
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	2565	3650	-1085
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	8	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	1360	1700	-340
Bhatinda	J-34	32300	37400	-5100
Mansa	J-34	1530	1360	170
Sirsa	J-34	2550	2550	Unch
Sri-Ganganagar	J-34	6800	7650	-850
Hanumangarh	B.T. Cotton	1000	1500	-500

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				19-Nov-14	18-Nov-14	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	32700	32700	Unch
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	33200	33200	Unch
J-34(202)	26mm	3.5 - 4.9	23	31000	30900	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32000	31800	200
Shankar-6(105)	29mm	3.5 - 4.9	28	32800	32600	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33800	33600	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34500	34300	200
DCH-32(107)	34mm	3.0 - 3.8	33	43000	43000	Unch

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 20/11/2014

Index	RMB/Ton	Change
CCIndex(328)	14681	-25
CCIndex(527)	13609	-28
CCIndex(229)	15187	-42

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

Cotlook Index: As on 19/11/2014

Cotlook Indices	Cents/Pound	Change
A-Index	66.80	0.65

USDA Cotton Spot Rates: As on 19/11/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	59.10	61.85	3726
North Delta	58.10	60.85	Nil
South Delta	58.10	60.85	Nil
East TX-OK	56.25	57.25	6438
West Texas	57.00	57.50	12357
Desert SW	56.60	63.60	Nil
SJ Valley	57.85	67.75	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 19/11/2014

Contract	Open	High	Low	Close	Change
Dec-14	59.96	59.98	58.99	59.11	-0.86
Mar-15	59.90	59.96	58.91	59.10	-0.76
May-15	60.77	60.91	59.84	60.04	-0.77
Jul-15	61.75	61.75	60.75	60.99	-0.76
Oct-15	62.44	62.44	62.44	62.44	-0.76
Dec-15	63.40	63.50	63.15	63.37	-0.80

Pakistan Cotton Spot rates: As on 19/11/2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	4850	150	5000
Equivalent	40 Kgs	5198	160	5358

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