

## Domestic Fundamentals:

**Market Outlook:** Cotton market noticed mostly firm tone.

**In The News:** The textile secretary Sanjay Panda revealed that Cotton Corporation of India will purchase surplus cotton from farmers at the minimum support price to safeguard interest of the cotton farmers.

On Nov.21, the Karachi Cotton Association's (KCA) official spot rate fell to near five-year low at Rs.4,800 per maund (37.324 kilogram).

The Government of India has given the approval for Rs. 653 crores to the state government of Maharashtra to rescue the drought hit farmers in the state and to handle the other losses occurred. Around 19,069 villages out of 39,134 have been hit badly due to drought.

The Textile Minister, Shri Santosh Kumar Gangwar instructed Cotton Corporation of India (CCI) 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.

**\* Market Quotes not updated (Saturday Future's Market Remain Closed)**

#### NCDEX Kapas Futures\*: (Prices in Rs/20kg)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-15	-	-	-	-	-	-	-	-	-

Spread	Apr-15		
Spot	-	-	-

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

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-14	-	-	-	-	-	-	-	-	-
Dec-14	-	-	-	-	-	-	-	-	-
Jan-15	-	-	-	-	-	-	-	-	-
Feb-15	-	-	-	-	-	-	-	-	-
Mar-15	-	-	-	-	-	-	-	-	-
Apr-15	-	-	-	-	-	-	-	-	-

Spread	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Spot	-	-	-	-	-	-
Nov-14	-	-	-	-	-	-
Dec-14	-	-	-	-	-	-
Jan-15	-	-	-	-	-	-
Feb-15	-	-	-	-	-	-
Apr-15	-	-	-	-	-	-

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

Centre	Variety	Prices		Change
		22-Nov-14	21-Nov-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4100	4100	Unch
Khandwa	Mech-1	NR	NR	-
Khargaon	Mech-1	NR	NR	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4250	4250	Unch
Rajkot	B.T. Cotton	4150	4110	40
Patan	B.T. Cotton	4160	4155	5
Deesa	B.T. Cotton	3970	3900	70
Muktsar	B.T. Cotton	4150	4125	25
Fazilika	B.T. Cotton	4060	4015	45
Bhiwani	B.T. Cotton	4000	4000	Unch
Adampur	B.T. Cotton	3950	3960	-10
Fatehabad	B.T. Cotton	NR	4000	-
Dabwali	B.T. Cotton	4020	3985	35
Jind	B.T. Cotton	4100	4105	-5
Uchana (Jind)	B.T. Cotton	3925	3850	75
Rawatsar (Hanumangarh)	B.T. Cotton	3950	3950	Unch
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NR	NR	-
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4125	4125	Unch
Gondal	Shankar-6	4235	4180	55
	<b>Kapas</b>			
Hathras	Desi	NR	NR	-
Bijapur	Bunny	NA	4049	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	4150	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	4250	-
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	4000	4000	Unch
	<b>Lint</b>	<b>Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	3435	3415	20
Muktsar	J-34	3435	3420	15
Fazilika	J-34	3415	3415	Unch
Bhatinda	J-34	3440	3415	25
Mansa	J-34	3435	3410	25
Sirsa	J-34	3345	3330	15
Sri-Ganganagar	J-34	3140	3102	38
Hanumangarh	B.T. Cotton	Closed	4020	-

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		22-Nov-14	21-Nov-14	
Amravati	Mech-1	475	400	75
Khandwa	Mech-1	NR	NR	-
Khargane	Mech-1	NR	NR	-
Mahesana(Kadi)	B.T. Cotton	50000	30000	20000
Rajkot	B.T. Cotton	4450	4450	Unch
Patan	B.T. Cotton	21500	22970	-1470
Deesa	B.T. Cotton	1850	1400	450
Fazilika	B.T. Cotton	1500	2000	-500
Muktsar	B.T. Cotton	340	510	-170
Bhiwani	B.T. Cotton	2000	3000	-1000
Adampur	B.T. Cotton	1360	1360	Unch
Fatehabad	B.T. Cotton	NR	2500	-
Dabwali	B.T. Cotton	1700	2200	-500
Jind	B.T. Cotton	1020	680	340
Uchana (Jind)	B.T. Cotton	2500	2520	-20
Rawatsar (Hanumangarh)	B.T. Cotton	200	1000	-800
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Ahmedabad	Shankar-6	45900	51000	-5100
Gondal	Shankar-6	2239	2313	-74
Hathras	Desi	NA	NR	-
Bijapur	Bunny	NA	1263	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	2137	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	1360	1360	Unch
Bhatinda	J-34	39100	42500	-3400
Mansa	J-34	1870	1530	340
Sirsa	J-34	2550	2550	Unch
Sri-Ganganagar	J-34	5100	6800	-1700
Hanumangarh	B.T. Cotton	Closed	2000	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				21-Nov-14	20-Nov-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	33700	33200	500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	34200	33700	500
J-34(202)	26mm	3.5 - 4.9	23	31200	31100	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32200	32100	100
Shankar-6(105)	29mm	3.5 - 4.9	28	33000	32900	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33900	33800	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34600	34500	100
DCH-32(107)	34mm	3.0 - 3.8	33	43200	43000	200

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 21/11/2014**

Index	RMB/Ton	Change
CCIndex(328)	14651	-30
CCIndex(527)	13597	-12
CCIndex(229)	15166	-21

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

**Cotlook Index: As on 21/11/2014**

Cotlook Indices	Cents/Pound	Change
A-Index	65.90	-0.20

**USDA Cotton Spot Rates: As on 21/11/2014**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.27	59.52	473
North Delta	61.27	58.52	NIL
South Delta	61.27	58.52	NIL
East TX-OK	58.25	57.25	6343
West Texas	58.50	58.00	3478
Desert SW	64.02	57.02	250
SJ Valley	68.17	58.27	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 21/11/2014

Contract	Open	High	Low	Close	Change
<b>Dec-14</b>	58.61	59.79	58.51	59.76	<b>1.22</b>
<b>Mar-15</b>	58.86	59.74	58.80	59.52	<b>0.66</b>
<b>May-15</b>	59.90	60.67	59.79	60.45	<b>0.64</b>
<b>Jul-15</b>	60.90	61.56	60.71	61.41	<b>0.66</b>
<b>Oct-15</b>	62.93	62.93	62.93	62.93	<b>0.73</b>
<b>Dec-15</b>	63.65	63.92	63.48	63.83	<b>0.85</b>

Pakistan Cotton Spot rates: As on 21/11/2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	4800	150	4950
Equivalent	40 Kgs	5144	160	5304

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