

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone on Monday.

In The News: 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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-15	-2.5	808	812	803	805.5	3159	-2128	12748	248

Spread	Apr-15		
Spot	23.5	-	-

(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	0	16200	16250	16130	16150	283	1010	332	1220
Dec-14	-80	16000	16040	15840	15900	930	6115	1389	6115
Jan-15	-110	16060	16100	15920	15950	427	2524	566	2352
Feb-15	-110	16140	16180	16000	16040	159	1282	207	1236
Mar-15	-160	16300	16300	16140	16150	371	1336	274	1256
Apr-15	-170	16290	16290	16250	16250	18	58	15	33

Spread	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Spot	--					
Nov-14		250				
Dec-14			-50			
Jan-15				-90		
Feb-15					-110	
Apr-15						-100

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		24-Nov-14	22-Nov-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4100	4100	Unch
Khandwa	Mech-1	4050	NR	-
Khargaon	Mech-1	4050	NR	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4275	4250	25
Rajkot	B.T. Cotton	4145	4150	-5
Patan	B.T. Cotton	4180	4160	20
Deesa	B.T. Cotton	4030	3970	60
Muktsar	B.T. Cotton	4100	4150	-50
Fazilika	B.T. Cotton	4060	4060	Unch
Bhiwani	B.T. Cotton	3980	4000	-20
Adampur	B.T. Cotton	3950	3950	Unch
Fatehabad	B.T. Cotton	3980	NR	-
Dabwali	B.T. Cotton	3955	4020	-65
Jind	B.T. Cotton	4060	4100	-40
Uchana (Jind)	B.T. Cotton	3900	3925	-25
Rawatsar (Hanumangarh)	B.T. Cotton	3950	3950	Unch
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	3700	NR	-
Hanumangarh	B.T. Cotton	4100	Closed	-
	Kapas			
Ahmedabad	Shankar-6	4150	4125	25
Gondal	Shankar-6	4205	4235	-30
	Kapas			
Hathras	Desi	4800	NR	-
Bijapur	Bunny	4177	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4130	NA	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	4050	-
East Godavari	Un-Ginned	4000	4000	Unch
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3440	3435	5
Muktsar	J-34	3440	3435	5
Fazilika	J-34	3430	3415	15
Bhatinda	J-34	3440	3440	Unch
Mansa	J-34	3425	3435	-10
Sirsa	J-34	3335	3345	-10
Sri-Ganganagar	J-34	3149	3140	9

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		24-Nov-14	22-Nov-14	
Amravati	Mech-1	550	475	75
Khandwa	Mech-1	1700	NR	-
Khargaone	Mech-1	11000	NR	-
Mahesana(Kadi)	B.T. Cotton	50000	50000	Unch
Rajkot	B.T. Cotton	5000	4450	550
Patan	B.T. Cotton	23465	21500	1965
Deesa	B.T. Cotton	4350	1850	2500
Fazilika	B.T. Cotton	2000	1500	500
Muktsar	B.T. Cotton	510	340	170
Bhiwani	B.T. Cotton	5000	2000	3000
Adampur	B.T. Cotton	1190	1360	-170
Fatehabad	B.T. Cotton	3000	NR	-
Dabwali	B.T. Cotton	2100	1700	400
Jind	B.T. Cotton	1190	1020	170
Uchana (Jind)	B.T. Cotton	2500	2500	Unch
Rawatsar (Hanumangarh)	B.T. Cotton	1000	200	800
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	125	NA	-
Ahmedabad	Shankar-6	45900	45900	Unch
Gondal	Shankar-6	3258	2239	1019
Hathras	Desi	300	NA	-
Bijapur	Bunny	2368	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4027	NA	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	850	1360	-510
Bhatinda	J-34	39000	39100	-100
Mansa	J-34	1360	1870	-510
Sirsa	J-34	4250	2550	1700
Sri-Ganganagar	J-34	8500	5100	3400
Hanumangarh	B.T. Cotton	2500	Closed	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				22-Nov-14	21-Nov-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	34200	33700	500
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	34700	34200	500
J-34(202)	26mm	3.5 - 4.9	23	31300	31200	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32400	32200	200
Shankar-6(105)	29mm	3.5 - 4.9	28	33200	33000	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34100	33900	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34800	34600	200
DCH-32(107)	34mm	3.0 - 3.8	33	43400	43200	200

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 24/11/2014

Index	RMB/Ton	Change
CCIndex(328)	14596	-55
CCIndex(527)	13550	-47
CCIndex(229)	15129	-37

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
Dec-14	58.61	59.79	58.51	59.76	1.22
Mar-15	58.86	59.74	58.80	59.52	0.66
May-15	59.90	60.67	59.79	60.45	0.64
Jul-15	60.90	61.56	60.71	61.41	0.66
Oct-15	62.93	62.93	62.93	62.93	0.73
Dec-15	63.65	63.92	63.48	63.83	0.85

Pakistan Cotton Spot rates: As on 22/11/2014 (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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