

Domestic Fundamentals:

Market Outlook: Cotton market noticed mostly weak tone on Tuesday.

In The News: Cotton Corporation of India (CCI) has planned to procure sixty lakh bales of cotton this season (Oct'14-Sept'15) with the outlay of Rs.12000 crores. Around 8 lakh bales of cotton have been procured by CCI in Andhra Pradesh and Telangana so far. CCI has tied up with the consortium of 14 banks, led by Bank of Baroda in order to carry out the procurement related transactions.

The share of India is getting wider in apparel export to USA. On the lesser price competitiveness of China and Bangladesh, India has nurtured its market share in apparel exports to USA. India exported 745 million square meters equivalent (msme) to USA, during January to September this year, 7.5% higher when compared to the corresponding period last year.

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.

International Fundamentals:

The International Cotton Advisory Committee (ICAC) launched World Cotton Calendar, which contained the huge database maintained by ICAC. The World Cotton Calendar is the source of data related to cotton production field operation, including the crop cycle; varieties planted in particular region, insect and pest vulnerability, weed invasion, type and quantity of fertilizer applied and disease from around 37 countries.

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.

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	802	804	797	802.5	3593	434	13416	668

Spread	Apr-15		
Spot	16.5	-	-

(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 25-Nov.2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-14	-90	16200	16200	15980	16010	205	-78	661	-349
Dec-14	-10	15800	15930	15750	15830	1269	339	5956	-159
Jan-15	-20	15860	15980	15830	15890	414	-13	2488	-36
Feb-15	10	16040	16050	15940	15980	209	50	1347	65
Mar-15	40	16180	16220	16120	16160	328	-43	1365	29
Apr-15	20	16260	16290	16250	16270	78	60	134	76

Spread	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Spot	--					
Nov-14		180				
Dec-14			-60			
Jan-15				-90		
Feb-15					-180	
Apr-15						-110

*Updated at 5: 00 PM on 25-Nov.2014

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		25-Nov-14	24-Nov-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4100	4100	Unch
Khandwa	Mech-1	4050	4050	Unch
Khargaon	Mech-1	4050	4050	Unch
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4250	4275	-25
Rajkot	B.T. Cotton	4095	4145	-50
Patan	B.T. Cotton	4170	4180	-10
Deesa	B.T. Cotton	4005	4030	-25
Muktsar	B.T. Cotton	4100	4100	Unch
Fazilika	B.T. Cotton	4065	4060	5
Bhiwani	B.T. Cotton	3950	3980	-30
Adampur	B.T. Cotton	3900	3950	-50
Fatehabad	B.T. Cotton	3950	3980	-30
Dabwali	B.T. Cotton	3960	3955	5
Jind	B.T. Cotton	4006	4060	-54
Uchana (Jind)	B.T. Cotton	3750	3900	-150
Rawatsar (Hanumangarh)	B.T. Cotton	3930	3950	-20
Hubli	B.T. Cotton	4189	NA	-
Hathras	B.T. Cotton(US)	3700	3700	Unch
Hanumangarh	B.T. Cotton	4025	4100	-75
	Kapas			
Ahmedabad	Shankar-6	4125	4150	-25
Gondal	Shankar-6	4180	4205	-25
	Kapas			
Hathras	Desi	4800	4800	Unch
Bijapur	Bunny	4198	4177	21
Hubli	D.C.H.	5009	NA	-
Raichur	H-44 Cotton	4150	4130	20
Guntur	Un-Ginned	4050	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	4050	NA	-
East Godavari	Un-Ginned	NA	4000	-
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3420	3440	-20
Muktsar	J-34	3425	3440	-15
Fazilika	J-34	3415	3430	-15
Bhatinda	J-34	3410	3440	-30

Mansa	J-34	3410	3425	-15
Sirsa	J-34	3300	3335	-35
Sri-Ganganagar	J-34	NA	3149	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		25-Nov-14	24-Nov-14	
Amravati	Mech-1	600	550	50
Khandwa	Mech-1	1200	1700	-500
Khargaone	Mech-1	8000	11000	-3000
Mahesana(Kadi)	B.T. Cotton	30000	50000	-20000
Rajkot	B.T. Cotton	3675	5000	-1325
Patan	B.T. Cotton	21165	23465	-2300
Deesa	B.T. Cotton	2225	4350	-2125
Fazilika	B.T. Cotton	2000	2000	Unch
Muktsar	B.T. Cotton	510	510	Unch
Bhiwani	B.T. Cotton	8000	5000	3000
Adampur	B.T. Cotton	1700	1190	510
Fatehabad	B.T. Cotton	3000	3000	Unch
Dabwali	B.T. Cotton	1450	2100	-650
Jind	B.T. Cotton	1360	1190	170
Uchana (Jind)	B.T. Cotton	3000	2500	500
Rawatsar (Hanumangarh)	B.T. Cotton	500	1000	-500
Hubli	B.T. Cotton	96	NA	-
Hathras	B.T. Cotton(US)	230	125	105
Ahmedabad	Shankar-6	42500	45900	-3400
Gondal	Shankar-6	2992	3258	-266
Hathras	Desi	200	300	-100
Bijapur	Bunny	3796	2368	1428
Hubli	D.C.H.	54	NA	-
Raichur	H-44 Cotton	2605	4027	-1422
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	850	510
Bhatinda	J-34	47600	40800	6800
Mansa	J-34	2040	1360	680

Sirsa	J-34	4250	4250	Unch
Sri-Ganganagar	J-34	NA	8500	-
Hanumangarh	B.T. Cotton	2000	2500	-500

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)	<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 25/11/2014

Index	RMB/Ton	Change
CCIndex(328)	14563	-33
CCIndex(527)	13538	-12
CCIndex(229)	15103	-26

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

Cotlook Index: As on 24/11/2014

Cotlook Indices	Cents/Pound	Change
A-Index	66.40	0.50

USDA Cotton Spot Rates: As on 24/11/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	58.81	61.56	NIL
North Delta	57.81	60.56	NIL
South Delta	57.81	60.56	NIL
East TX-OK	56.50	57.50	2778
West Texas	57.25	57.75	7419
Desert SW	56.31	63.31	59
SJ Valley	57.56	67.46	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 24/11/2014

Contract	Open	High	Low	Close	Change
Dec-14	59.36	59.69	59.01	59.16	-0.60
Mar-15	59.29	59.46	58.53	58.81	-0.71
May-15	60.02	60.35	59.36	59.74	-0.71
Jul-15	60.99	61.07	60.37	60.71	-0.70
Oct-15	62.24	62.24	62.24	62.24	-0.69
Dec-15	63.38	63.41	62.98	63.11	-0.72

Pakistan Cotton Spot rates: As on 24/11/2014 (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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