

## Domestic Fundamentals:

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

**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 sluggish demand from the China could limit the world cotton trade to 7.9 million tonnes, 11% lower this season 2014-15, said International Cotton Advisory Committee (ICAC).

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	-7.5	802.5	803.5	792	795.5	4575	982	13319	-97

Spread	Apr-15		
Spot	28.5	-	-

(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 26-Nov.2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-14	-30	15950	16080	15900	15950	369	530	205	661
Dec-14	-60	15840	15850	15730	15790	1448	5610	1269	5956
Jan-15	-90	15910	15910	15800	15840	941	2856	414	2488
Feb-15	-50	15990	15990	15880	15970	192	1405	209	1347
Mar-15	-80	16100	16120	16030	16100	54	1366	328	1365
Apr-15									

Spread	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Spot	--					
Nov-14		160				
Dec-14			-50			
Jan-15				-130		
Feb-15					-130	
Apr-15						--

\*Updated at 5: 00 PM on 26-Nov.2014

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

Centre	Variety	Prices		Change
		26-Nov-14	25-Nov-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4125	4100	25
Khandwa	Mech-1	4050	4050	Unch
Khargaon	Mech-1	4050	4050	Unch
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4250	4250	Unch
Rajkot	B.T. Cotton	4120	4095	25
Patan	B.T. Cotton	4160	4170	-10
Deesa	B.T. Cotton	3955	4005	-50
Muktsar	B.T. Cotton	4100	4100	Unch
Fazilika	B.T. Cotton	4060	4065	-5
Bhiwani	B.T. Cotton	3950	3950	Unch
Adampur	B.T. Cotton	3900	3900	Unch
Fatehabad	B.T. Cotton	NA	3950	-
Dabwali	B.T. Cotton	3955	3960	-5
Jind	B.T. Cotton	3950	4006	-56
Uchana (Jind)	B.T. Cotton	3950	3750	200
Rawatsar (Hanumangarh)	B.T. Cotton	3940	3930	10
Hubli	B.T. Cotton	4269	4189	80
Hathras	B.T. Cotton(US)	NA	3700	-
Hanumangarh	B.T. Cotton	4000	4025	-25
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4100	4125	-25
Gondal	Shankar-6	4180	4180	Unch
	<b>Kapas</b>			
Hathras	Desi	NR	4800	-
Bijapur	Bunny	NA	4198	-
Hubli	D.C.H.	5029	5009	20
Raichur	H-44 Cotton	4130	4150	-20
Guntur	Un-Ginned	NA	4050	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	4050	-
East Godavari	Un-Ginned	4000	NA	-
	<b>Lint</b>	<b>Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	3405	3420	-15
Muktsar	J-34	3405	3425	-20
Fazilika	J-34	3415	3415	Unch
Bhatinda	J-34	3405	3410	-5
Mansa	J-34	3400	3410	-10
Sirsa	J-34	3300	3300	Unch
Sri-Ganganagar	J-34	3300	NA	-

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		26-Nov-14	25-Nov-14	
Amravati	Mech-1	500	600	-100
Khandwa	Mech-1	1600	1200	400
Khargane	Mech-1	8000	8000	Unch
Mahesana(Kadi)	B.T. Cotton	35000	30000	5000
Rajkot	B.T. Cotton	3925	3675	250
Patan	B.T. Cotton	19333	21165	-1832
Deesa	B.T. Cotton	2200	2225	-25
Fazilika	B.T. Cotton	1600	2000	-400
Muktsar	B.T. Cotton	510	510	Unch
Bhiwani	B.T. Cotton	4000	8000	-4000
Adampur	B.T. Cotton	1870	1700	170
Fatehabad	B.T. Cotton	NA	3000	-
Dabwali	B.T. Cotton	1450	1450	Unch
Jind	B.T. Cotton	1445	1360	85
Uchana (Jind)	B.T. Cotton	3100	3000	100
Rawatsar (Hanumangarh)	B.T. Cotton	500	500	Unch
Hubli	B.T. Cotton	88	96	-8
Hathras	B.T. Cotton(US)	NR	230	-
Ahmedabad	Shankar-6	42500	42500	Unch
Gondal	Shankar-6	2884	2992	-108
Hathras	Desi	NR	200	-
Bijapur	Bunny	2243	3796	-1553
Hubli	D.C.H.	88	54	34
Raichur	H-44 Cotton	3625	2605	1020
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	1190	1360	-170
Bhatinda	J-34	47600	47600	Unch
Mansa	J-34	2550	2040	510
Sirsa	J-34	3400	4250	-850
Sri-Ganganagar	J-34	8500	NA	-
Hanumangarh	B.T. Cotton	2000	2000	Unch

**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 26/11/2014**

Index	RMB/Ton	Change
CCIndex(328)	14483	-80
CCIndex(527)	13466	-72
CCIndex(229)	15058	-45

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

**Cotlook Index: As on 25/11/2014**

Cotlook Indices	Cents/Pound	Change
A-Index	65.95	-0.45

**USDA Cotton Spot Rates: As on 25/11/2014**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	59.31	62.06	5976
North Delta	58.31	61.06	NIL
South Delta	58.31	61.06	409
East TX-OK	57.00	58.00	3472
West Texas	57.75	58.25	6626
Desert SW	56.81	63.81	NIL
SJ Valley	58.06	67.96	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 25/11/2014**

Contract	Open	High	Low	Close	Change
<b>Dec-14</b>	59.25	59.96	59.25	59.66	<b>0.50</b>
<b>Mar-15</b>	58.81	59.61	58.71	59.31	<b>0.50</b>
<b>May-15</b>	59.74	60.42	59.66	60.19	<b>0.45</b>
<b>Jul-15</b>	61.10	61.34	60.76	61.13	<b>0.42</b>
<b>Oct-15</b>	62.65	62.65	62.65	62.65	<b>0.41</b>
<b>Dec-15</b>	63.50	63.65	63.15	63.63	<b>0.52</b>

**Pakistan Cotton Spot rates: As on 25/11/2014 (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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