

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone on Thursday.

In The News: Output of cotton in India is expected to be around 40.55 million bales in season 2014-15, 14.22% higher than the previous year's production of 35.5 million bales, said cotton association of India (CAI). Not only production, acreage, yield, consumption and export have also noticed a rise in last previous years. Acreage of cotton reported 12.65 million hectares 10.28 % higher when compared to the previous year's area. India has great potential in textile export, which is keeping the market prospects higher for cotton in the country.

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.

International Fundamentals:

The drastic fall in cotton prices to a five year low could force the farmers worldwide to switch for the other crops, according to International Cotton Advisory Committee (ICAC). Cotton at ICE for March 2015 delivery has touched the level of 58.53 cents per pound in late November, which is lowest since September 2009.

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.

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	-4	795	802	787	790.5	5505	930	13252	-67

Spread	Apr-15		
Spot	27.5	-	-

(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 27-Nov.2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-14	-30	16000	16060	15930	15970	81	-288	430	-100
Dec-14	-20	15830	15930	15790	15820	948	-500	5574	-36
Jan-15	-20	15910	16030	15860	15900	628	-313	2829	-27
Feb-15	-40	15990	16100	15990	15990	42	-150	1401	-4
Mar-15	-60	16170	16270	16130	16130	54	0	1345	-21
Apr-15	-10	16470	16470	16280	16290	13	--	135	--

Spread	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Spot	--					
Nov-14		150				
Dec-14			-80			
Jan-15				-90		
Feb-15					-140	
Apr-15						-160

*Updated at 5: 00 PM on 27-Nov.2014

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		27-Nov-14	26-Nov-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4100	4125	-25
Khandwa	Mech-1	4050	4050	Unch
Khargaon	Mech-1	4050	4050	Unch
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4300	4250	50
Rajkot	B.T. Cotton	4090	4120	-30
Patan	B.T. Cotton	4155	4160	-5
Deesa	B.T. Cotton	3985	3955	30
Muktsar	B.T. Cotton	4100	4100	Unch
Fazilika	B.T. Cotton	4020	4060	-40
Bhiwani	B.T. Cotton	3900	3950	-50
Adampur	B.T. Cotton	3950	3900	50
Fatehabad	B.T. Cotton	3950	NA	-
Dabwali	B.T. Cotton	3950	3955	-5
Jind	B.T. Cotton	3911	3950	-39
Uchana (Jind)	B.T. Cotton	4000	3950	50
Rawatsar (Hanumangarh)	B.T. Cotton	3925	3940	-15
Hubli	B.T. Cotton	NA	4269	-
Hathras	B.T. Cotton(US)	NR	NA	-
Hanumangarh	B.T. Cotton	3950	4000	-50
	Kapas			
Ahmedabad	Shankar-6	4100	4100	Unch
Gondal	Shankar-6	4080	4180	-100
	Kapas			
Hathras	Desi	NR	NR	-
Bijapur	Bunny	4207	NA	-
Hubli	D.C.H.	NA	5029	-
Raichur	H-44 Cotton	4301	4130	171
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	4000	-
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3395	3405	-10
Muktsar	J-34	3400	3405	-5
Fazilika	J-34	3400	3415	-15
Bhatinda	J-34	3395	3405	-10
Mansa	J-34	3400	3400	Unch
Sirsa	J-34	3300	3300	Unch
Sri-Ganganagar	J-34	3121	3112	9

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		27-Nov-14	26-Nov-14	
Amravati	Mech-1	700	500	200
Khandwa	Mech-1	1200	1600	-400
Khargane	Mech-1	10000	8000	2000
Mahesana(Kadi)	B.T. Cotton	35000	35000	Unch
Rajkot	B.T. Cotton	3200	3925	-725
Patan	B.T. Cotton	16706	19333	-2627
Deesa	B.T. Cotton	3650	2200	1450
Fazilika	B.T. Cotton	2000	1600	400
Muktsar	B.T. Cotton	510	510	Unch
Bhiwani	B.T. Cotton	4000	4000	Unch
Adampur	B.T. Cotton	2210	1870	340
Fatehabad	B.T. Cotton	3000	NA	-
Dabwali	B.T. Cotton	2500	1450	1050
Jind	B.T. Cotton	850	1445	-595
Uchana (Jind)	B.T. Cotton	2720	3100	-380
Rawatsar (Hanumangarh)	B.T. Cotton	500	500	Unch
Hubli	B.T. Cotton	NA	88	-
Hathras	B.T. Cotton(US)	NR	NR	-
Ahmedabad	Shankar-6	42500	42500	Unch
Gondal	Shankar-6	2922	2884	38
Hathras	Desi	NR	NR	-
Bijapur	Bunny	2606	2243	363
Hubli	D.C.H.	NA	88	-
Raichur	H-44 Cotton	3322	3625	-303
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	1190	170
Bhatinda	J-34	51000	47600	3400
Mansa	J-34	2210	2550	-340
Sirsa	J-34	3400	3400	Unch
Sri-Ganganagar	J-34	6800	8500	-1700
Hanumangarh	B.T. Cotton	3000	2000	1000

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 27/11/2014

Index	RMB/Ton	Change
CCIndex(328)	14317	-166
CCIndex(527)	13303	-163
CCIndex(229)	14946	-112

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

Cotlook Index: As on 26/11/2014

Cotlook Indices	Cents/Pound	Change
A-Index	66.45	0.50

USDA Cotton Spot Rates: As on 26/11/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.78	60.03	6368
North Delta	61.78	59.03	64
South Delta	61.78	59.03	NIL
East TX-OK	58.75	57.75	3457
West Texas	59.00	58.50	10317
Desert SW	64.53	57.53	NIL
SJ Valley	68.68	58.78	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 26/11/2014

Contract	Open	High	Low	Close	Change
Dec-14	59.69	62.00	59.69	61.41	1.75
Mar-15	59.21	60.55	59.11	60.03	0.72
May-15	60.07	61.21	59.94	60.83	0.64
Jul-15	61.02	62.03	60.89	61.74	0.61
Oct-15	63.26	63.26	63.26	63.26	0.61
Dec-15	63.50	64.36	63.50	64.23	0.60

Pakistan Cotton Spot rates: As on 26/11/2014 (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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