

Domestic Fundamentals:

Market Outlook: Cotton market noticed steady to weak tone on Friday.

In The News: Cotton exports from India are likely to fall by 45% this season from major importers China and Bangladesh. During the current season 2014-15, India is likely to export 6.5 to 7 million bales (of 170 kg. each) of cotton, which was 11.8 million bales last year, said Cotton Advisory Board (CAB).

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	1	789	791.5	785	788	3878	-1627	13227	-25

Spread	Apr-15		
Spot	31	-	-

(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 28-Nov.2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-14	-480	16050	16050	15540	15540	290	209	148	-282
Dec-14	-30	15790	15860	15760	15770	1361	413	5332	-242
Jan-15	-30	15920	15930	15850	15850	519	-109	2918	89
Feb-15	-30	16030	16050	15940	15950	413	371	1543	142
Mar-15	-60	16160	16170	16080	16080	113	59	1424	79
Apr-15	-100	16200	16200	16200	16200	2	-11	135	0

Spread	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Spot	--					
Nov-14		-230				
Dec-14			-80			
Jan-15				-100		
Feb-15					-130	
Apr-15						-120

*Updated at 5: 00 PM on 28-Nov.2014

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		28-Nov-14	27-Nov-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4100	4100	Unch
Khandwa	Mech-1	Closed	4050	-
Khargaon	Mech-1	Closed	4050	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4250	4300	-50
Rajkot	B.T. Cotton	4095	4090	5
Patan	B.T. Cotton	4175	4155	20
Deesa	B.T. Cotton	3955	3985	-30
Muktsar	B.T. Cotton	4090	4100	-10
Fazilika	B.T. Cotton	4025	4020	5
Bhiwani	B.T. Cotton	3950	3900	50
Adampur	B.T. Cotton	3950	3950	Unch
Fatehabad	B.T. Cotton	3950	3950	Unch
Dabwali	B.T. Cotton	3950	3950	Unch
Jind	B.T. Cotton	3950	3911	39
Uchana (Jind)	B.T. Cotton	3980	4000	-20
Rawatsar (Hanumangarh)	B.T. Cotton	3900	3925	-25
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton	NR	NR	-
Hanumangarh	B.T. Cotton	3950	3950	Unch
	Kapas			
Ahmedabad	Shankar-6	4075	4100	-25
Gondal	Shankar-6	4055	4080	-25
	Kapas			
Hathras	Desi	NR	NR	-
Bijapur	Bunny	4177	4207	-30
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	4301	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3405	3395	10
Muktsar	J-34	3400	3400	Unch
Fazilika	J-34	3400	3400	Unch
Bhatinda	J-34	3410	3395	15
Mansa	J-34	3400	3400	Unch
Sirsa	J-34	3295	3300	-5
Sri-Ganganagar	J-34	3102	3121	-19

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		28-Nov-14	27-Nov-14	
Amravati	Mech-1	900	700	200
Khandwa	Mech-1	Closed	1200	-
Khargane	Mech-1	Closed	10000	-
Mahesana(Kadi)	B.T. Cotton	40000	35000	5000
Rajkot	B.T. Cotton	4125	3200	925
Patan	B.T. Cotton	18955	16706	2249
Deesa	B.T. Cotton	2600	3650	-1050
Fazilika	B.T. Cotton	1800	2000	-200
Muktsar	B.T. Cotton	425	510	-85
Bhiwani	B.T. Cotton	3000	4000	-1000
Adampur	B.T. Cotton	2380	2210	170
Fatehabad	B.T. Cotton	3000	3000	Unch
Dabwali	B.T. Cotton	3000	2500	500
Jind	B.T. Cotton	1360	850	510
Uchana (Jind)	B.T. Cotton	3200	2720	480
Rawatsar (Hanumangarh)	B.T. Cotton	500	500	Unch
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NR	NR	-
Hanumangarh	B.T. Cotton	3000	3000	Unch
Ahmedabad	Shankar-6	45900	42500	3400
Gondal	Shankar-6	2265	2922	-657
Hathras	Desi	NR	NR	-
Bijapur	Bunny	2580	2606	-26
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	3322	-
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	47600	51000	-3400
Mansa	J-34	2253	2210	43
Sirsa	J-34	3400	3400	Unch
Sri-Ganganagar	J-34	6800	6800	Unch

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				27-Nov-14	22-Nov-14	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	33900	34200	-300
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	34400	34700	-300
J-34(202)	26mm	3.5 - 4.9	23	30900	31300	-400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32300	32400	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	33100	33200	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34000	34100	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34800	34800	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	43200	43400	-200

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 28/11/2014

Index	RMB/Ton	Change
CCIndex(328)	14225	-92
CCIndex(527)	13212	-91
CCIndex(229)	14787	-159

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

Cotlook Index: As on 27/11/2014

Cotlook Indices	Cents/Pound	Change
A-Index	66.85	0.40

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 27/11/2014 (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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