

Domestic Fundamentals:

Market Outlook: Cotton market noticed steady tone on Saturday.

In The News: Cotton seed arrivals have picked the pace in the country. Approximately 100,000 bales of cotton seed is arriving daily in the market, said Indian Cotton Federation in its latest report.

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.

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 | -- | -- | -- | -- | -- | -- | -- | -- | -- |

| Spread | Apr-15 | | |
|--------|--------|---|---|
| Spot | -- | - | - |

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)

*Market Closed

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

| Contract | +/- | Open | High | Low | Close | Volume | Change | OI | Change |
|----------|-----|------|------|-----|-------|--------|--------|----|--------|
| Nov-14 | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Dec-14 | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Jan-15 | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Feb-15 | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Mar-15 | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Apr-15 | -- | -- | -- | -- | -- | -- | -- | -- | -- |

| Spread | Nov-14 | Dec-14 | Jan-15 | Feb-15 | Mar-15 | Apr-15 |
|--------|--------|--------|--------|--------|--------|--------|
| Spot | -- | | | | | |
| Nov-14 | | -- | | | | |
| Dec-14 | | | -- | | | |
| Jan-15 | | | | -- | | |
| Feb-15 | | | | | -- | |
| Apr-15 | | | | | | -- |

*Market Closed

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Centers:

| Centre | Variety | Prices | | Change |
|------------------------|--------------|-----------------------------------|-----------|--------|
| | | 29-Nov-14 | 28-Nov-14 | |
| | Kapas | (Rs./Qtl) | | |
| Amravati | Mech-1 | 4100 | 4100 | Unch |
| Khandwa | Mech-1 | Closed | Closed | - |
| Khargaon | Mech-1 | Closed | Closed | - |
| | Kapas | | | |
| Mahesana(Kadi) | B.T. Cotton | 4250 | 4250 | Unch |
| Rajkot | B.T. Cotton | 4155 | 4095 | 60 |
| Patan | B.T. Cotton | 4185 | 4175 | 10 |
| Deesa | B.T. Cotton | 3950 | 3955 | -5 |
| Muktsar | B.T. Cotton | 4100 | 4090 | 10 |
| Fazilika | B.T. Cotton | 3980 | 4025 | -45 |
| Bhiwani | B.T. Cotton | 3900 | 3950 | -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 | 3930 | 3950 | -20 |
| Uchana (Jind) | B.T. Cotton | 3920 | 3980 | -60 |
| Rawatsar (Hanumangarh) | B.T. Cotton | 3900 | 3900 | Unch |
| Hubli | B.T. Cotton | 4199 | NA | - |
| Hathras | B.T. Cotton | NR | NR | - |
| Hanumangarh | B.T. Cotton | 3900 | 3950 | -50 |
| | Kapas | | | |
| Ahmedabad | Shankar-6 | 4075 | 4075 | Unch |
| Gondal | Shankar-6 | 4105 | 4055 | 50 |
| | Kapas | | | |
| Hathras | Desi | NR | NR | - |
| Bijapur | Bunny | 4123 | 4177 | -54 |
| Hubli | D.C.H. | 4989 | NA | - |
| Raichur | H-44 Cotton | 4060 | NA | - |
| Guntur | Un-Ginned | NA | NA | - |
| Kurnool | Un-Ginned | NA | NA | - |
| Krishna | Un-Ginned | 4050 | NA | - |
| East Godavari | Un-Ginned | 4000 | NA | - |
| | Lint | Rs./Maund of 37.32kg each) | | |
| Abohar | J-34 | 3410 | 3405 | 5 |
| Muktsar | J-34 | 3405 | 3400 | 5 |
| Fazilika | J-34 | 3400 | 3400 | Unch |
| Bhatinda | J-34 | 3410 | 3410 | Unch |
| Mansa | J-34 | 3400 | 3400 | Unch |
| Sirsa | J-34 | 3295 | 3295 | Unch |
| Sri-Ganganagar | J-34 | 3102 | 3102 | Unch |

Cotton Arrivals in Key Centers:

| Centre | Variety | Arrivals (Qtl) | | Change |
|------------------------|-------------|----------------|-----------|--------|
| | | 29-Nov-14 | 28-Nov-14 | |
| Amravati | Mech-1 | 1000 | 900 | 100 |
| Khandwa | Mech-1 | Closed | Closed | - |
| Khargaone | Mech-1 | Closed | Closed | - |
| | | | | |
| Mahesana(Kadi) | B.T. Cotton | 40000 | 40000 | Unch |
| Rajkot | B.T. Cotton | 1025 | 4125 | -3100 |
| Patan | B.T. Cotton | 16500 | 18955 | -2455 |
| Deesa | B.T. Cotton | 2625 | 2600 | 25 |
| Fazilika | B.T. Cotton | 1800 | 1800 | Unch |
| Muktsar | B.T. Cotton | 425 | 425 | Unch |
| Bhiwani | B.T. Cotton | 2500 | 3000 | -500 |
| Adampur | B.T. Cotton | 3400 | 2380 | 1020 |
| Fatehabad | B.T. Cotton | 4000 | 3000 | 1000 |
| Dabwali | B.T. Cotton | 2500 | 3000 | -500 |
| Jind | B.T. Cotton | 1496 | 1360 | 136 |
| Uchana (Jind) | B.T. Cotton | 2550 | 3200 | -650 |
| Rawatsar (Hanumangarh) | B.T. Cotton | 550 | 500 | 50 |
| Hubli | B.T. Cotton | 178 | NA | - |
| Hathras | B.T. Cotton | NR | NR | - |
| Hanumangarh | B.T. Cotton | 11900 | 3000 | 8900 |
| | | | | |
| Ahmedabad | Shankar-6 | 42500 | 45900 | -3400 |
| Gondal | Shankar-6 | 2964 | 2265 | 699 |
| | | | | |
| Hathras | Desi | NR | NR | - |
| Bijapur | Bunny | 2580 | 2580 | Unch |
| Hubli | D.C.H. | 116 | NA | - |
| Raichur | H-44 Cotton | 4132 | NA | - |
| Guntur | Un-Ginned | NA | NA | - |
| Kurnool | Un-Ginned | NA | NA | - |
| Krishna | Un-Ginned | 4050 | NA | - |
| East Godavari | Un-Ginned | 4000 | NA | - |
| | | | | |
| Abohar | J-34 | 1190 | 1360 | -170 |
| Bhatinda | J-34 | 47600 | 47600 | Unch |
| Mansa | J-34 | 2550 | 2253 | 298 |
| Sirsa | J-34 | 5100 | 3400 | 1700 |
| Sri-Ganganagar | J-34 | 11900 | 6800 | 5100 |

Cotton Association of India Spot Rates:

| Trade Name | Staple | Micronaire | Strength/ GPT | Rs. Per Candy | Rs. Per Candy | Change |
|---------------------------------------|--------|------------|------------------|------------------|------------------|-------------|
| | | | | 28-Nov-14 | 27-Nov-14 | |
| Bengal Deshi (RG)/Assam Comilla (101) | < 22mm | 5.0 - 7.0 | 15 | 33400 | 33900 | -500 |
| Bengal Deshi (SG)(201) | < 22mm | 5.0 - 7.0 | 15 | 33900 | 34400 | -500 |
| J-34(202) | 26mm | 3.5 - 4.9 | 23 | 30800 | 30900 | -100 |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 32300 | 32300 | Unch |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 32900 | 33100 | -200 |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 33900 | 34000 | -100 |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | 34800 | 34800 | Unch |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 43500 | 43200 | 300 |

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 28/11/2014

| Cotlook Indices | Cents/Pound | Change |
|-----------------|-------------|-------------|
| A-Index | 66.85 | Unch |

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 28/11/2014

| Contract | Open | High | Low | Close | Change |
|---------------|-------|-------|-------|-------|--------------|
| Dec-14 | 61.43 | 61.74 | 60.96 | 60.96 | -0.45 |
| Mar-15 | 59.81 | 60.71 | 59.81 | 60.08 | 0.05 |
| May-15 | 60.73 | 61.47 | 60.70 | 60.95 | 0.12 |
| Jul-15 | 61.75 | 62.23 | 61.72 | 61.84 | 0.10 |
| Oct-15 | 63.36 | 63.36 | 63.36 | 63.36 | 0.10 |
| Dec-15 | 64.45 | 64.63 | 64.36 | 64.36 | 0.13 |

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 |

Disclaimer

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