

Domestic Fundamentals:

Market Outlook: Cotton market noticed mostly steady tone on Monday.

In The News: Heated conversation took place in Rajya Sabha today over the drastically falling cotton and Paddy prices. The opposition parties i.e. Congress and Samajwadi Party (S.P.) put forward the issue of falling prices which has led the farmer's distress and the rise in the suicide figures. It also claimed that no instruction to Cotton Corporation of India (CCI) has made to purchase cotton at the right price, as it was in the period of UPA government. The opposition party also reminded the promise of Prime Minister Narendra Modi of paying farmers a price that is 50% more than the cost of production, is not being fulfilled as MSP of cotton is Rs. 3750 per quintal for medium staple and Rs. 4050 for long staple.

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.

International Fundamentals:

According to U.S. Department of Agriculture (USDA), cotton imports by Thailand are likely to fall in 2014/15 following the deficit in cotton consumption by textile counterparts. Yarn spinners and fabric weavers in Thailand are facing the problem of higher production cost and weak global economy.

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).

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	5.5	785	797	784.5	792.5	2175	-1703	12951	-276

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 01 December 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-14	-410	16050	16050	15540	15610	290	0	148	0
Dec-14	10	15760	15810	15720	15770	350	-1011	5273	-59
Jan-15	0	15790	15890	15780	15830	162	-357	2955	37
Feb-15	-50	15910	15960	15880	15930	62	-351	1631	88
Mar-15	-30	16000	16100	16000	16060	55	-58	1479	55
Apr-15	-40	16180	16180	16160	16160	12	10	135	0

Spread	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Spot	--					
Nov-14		-160				
Dec-14			-60			
Jan-15				-100		
Feb-15					-130	
Apr-15						-100

*Updated at 5:00 pm on 01 December 2014

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		1-Dec-14	29-Nov-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4100	4100	Unch
Khandwa	Mech-1	4050	Closed	-
Khargaon	Mech-1	4050	Closed	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4200	4250	-50
Rajkot	B.T. Cotton	4105	4155	-50
Patan	B.T. Cotton	4180	4185	-5
Deesa	B.T. Cotton	3960	3950	10
Muktsar	B.T. Cotton	4100	4100	Unch
Fazilika	B.T. Cotton	4010	3980	30
Bhiwani	B.T. Cotton	3925	3900	25
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	3956	3930	26
Uchana (Jind)	B.T. Cotton	3920	3920	Unch
Rawatsar (Hanumangarh)	B.T. Cotton	3875	3900	-25
Hubli	B.T. Cotton	NA	4199	-
Hathras	B.T. Cotton	NR	NR	-
Hanumangarh	B.T. Cotton	3950	3900	50
	Kapas			
Ahmedabad	Shankar-6	4100	4075	25
Gondal	Shankar-6	4105	4105	Unch
	Kapas			
Hathras	Desi	NR	NR	-
Bijapur	Bunny	4113	4123	-10
Hubli	D.C.H.	NA	4989	-
Raichur	H-44 Cotton	4060	4060	Unch
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	4050	-
East Godavari	Un-Ginned	4000	4000	Unch
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3400	3410	-10
Muktsar	J-34	3405	3405	Unch
Fazilika	J-34	3400	3400	Unch
Bhatinda	J-34	3410	3410	Unch
Mansa	J-34	3400	3400	Unch
Sirsa	J-34	3290	3295	-5
Sri-Ganganagar	J-34	NR	3102	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		1-Dec-14	29-Nov-14	
Amravati	Mech-1	1200	1000	200
Khandwa	Mech-1	2800	Closed	-
Khargaone	Mech-1	10000	Closed	-
Mahesana(Kadi)	B.T. Cotton	30000	40000	-10000
Rajkot	B.T. Cotton	2800	1025	1775
Patan	B.T. Cotton	17245	16500	745
Deesa	B.T. Cotton	3825	2625	1200
Fazilika	B.T. Cotton	2000	1800	200
Muktsar	B.T. Cotton	595	425	170
Bhiwani	B.T. Cotton	3000	2500	500
Adampur	B.T. Cotton	27200	3400	23800
Fatehabad	B.T. Cotton	2500	4000	-1500
Dabwali	B.T. Cotton	1500	2500	-1000
Jind	B.T. Cotton	1505	1496	9
Uchana (Jind)	B.T. Cotton	3100	2550	550
Rawatsar (Hanumangarh)	B.T. Cotton	800	550	250
Hubli	B.T. Cotton	NA	178	-
Hathras	B.T. Cotton(US)	NR	NR	-
Hanumangarh	B.T. Cotton	5000	4000	1000
Ahmedabad	Shankar-6	51000	42500	8500
Gondal	Shankar-6	2485	2964	-479
Hathras	Desi	NR	NR	-
Bijapur	Bunny	4850	2580	2270
Hubli	D.C.H.	NA	116	-
Raichur	H-44 Cotton	3097	4132	-1035
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	4050	-
East Godavari	Un-Ginned	4000	4000	Unch
Abohar	J-34	1700	1190	510
Bhatinda	J-34	49300	47600	1700
Mansa	J-34	2720	2550	170
Sirsa	J-34	5100	5100	Unch
Sri-Ganganagar	J-34	NR	11900	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				29-Nov-14	28-Nov-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	33200	33400	-200
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	33700	33900	-200
J-34(202)	26mm	3.5 - 4.9	23	30800	30800	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32300	32300	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	32900	32900	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33900	33900	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34800	34800	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	43700	43500	200

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 01/12/2014

Index	RMB/Ton	Change
CCIndex(328)	14143	-82
CCIndex(527)	13152	-60
CCIndex(229)	14695	-92

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 28/11/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.83	60.08	2867
North Delta	61.83	59.08	NIL
South Delta	61.83	59.08	NIL
East TX-OK	58.75	57.75	NIL
West Texas	59.00	58.50	366
Desert SW	64.58	57.58	NIL
SJ Valley	68.73	58.83	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 29/11/2014 (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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