

## Domestic Fundamentals:

**Market Outlook:** Cotton market noticed mostly steady tone on Tuesday.

**In The News:** Around 4000 farmers gathered at Rajkot district of Gujarat and held a rally in order to put forward their demand before the government to raise the MSP of Cotton and Ground nut. Bhartiya Kisan Sangh (BKS), an association of farmers of Saurashtra and nearby region, is demanding Rs. 1000 per 20 kg as MSP of cotton which is currently Rs. 810. They also demanded the incentive for cotton exports and restrictive import policy for cotton imports.

Heated conversation took place in Rajya Sabha yesterday 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.

### 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	1.5	790.5	793.5	788	791.5	1936	-239	13416	465

Spread	Apr-15		
Spot	31.5	-	-

(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 02 December 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-14	10	15720	15770	15700	15740	342	52	5281	5133
Jan-15	10	15800	15840	15780	15820	188	-162	2960	-2313
Feb-15	40	15900	15940	15870	15930	77	-85	1660	-1295
Mar-15	30	16030	16060	15990	16040	51	-11	1528	-103
Apr-15	--	--	--	--	--	--	--	--	--

Spread	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	
Spot	--					
Dec-14		-80				
Jan-15			-110			
Feb-15				-110		
Mar-15					--	
Apr-15						

\*Updated at 5:00 pm on 02 December 2014

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

Centre	Variety	Prices		Change
		2-Dec-14	1-Dec-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4100	4100	Unch
Khandwa	Mech-1	4050	4050	Unch
Khargaon	Mech-1	4050	4050	Unch
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4250	4200	50
Rajkot	B.T. Cotton	4115	4105	10
Patan	B.T. Cotton	4155	4180	-25
Deesa	B.T. Cotton	3970	3960	10
Muktsar	B.T. Cotton	4050	4100	-50
Fazilika	B.T. Cotton	4010	4010	Unch
Bhiwani	B.T. Cotton	3925	3925	Unch
Adampur	B.T. Cotton	3900	3950	-50
Fatehabad	B.T. Cotton	3925	3950	-25
Dabwali	B.T. Cotton	3965	3950	15
Jind	B.T. Cotton	4065	3956	109
Uchana (Jind)	B.T. Cotton	3920	3920	Unch
Rawatsar (Hanumangarh)	B.T. Cotton	3860	3875	-15
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton	3500	NR	-
Hanumangarh	B.T. Cotton	3950	3950	Unch
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4100	4100	Unch
Gondal	Shankar-6	4105	4105	Unch
	<b>Kapas</b>			
Hathras	Desi	4500	NR	-
Bijapur	Bunny	4093	4113	-20
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4070	4060	10
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	4000	4000	Unch
	<b>Lint</b>	<b>Rs./Maunder of 37.32kg each)</b>		
Abohar	J-34	3405	3400	5
Muktsar	J-34	3405	3405	Unch
Fazilika	J-34	3408	3400	8
Bhatinda	J-34	3415	3410	5
Mansa	J-34	3400	3400	Unch
Sirsa	J-34	3290	3290	Unch
Sri-Ganganagar	J-34	NR	NR	-

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		2-Dec-14	1-Dec-14	
Amravati	Mech-1	1300	1200	100
Khandwa	Mech-1	2200	2800	-600
Khargaone	Mech-1	8000	10000	-2000
Mahesana(Kadi)	B.T. Cotton	30000	30000	Unch
Rajkot	B.T. Cotton	3600	2800	800
Patan	B.T. Cotton	17425	17245	180
Deesa	B.T. Cotton	2675	3825	-1150
Fazilika	B.T. Cotton	1800	2000	-200
Muktsar	B.T. Cotton	595	595	Unch
Bhiwani	B.T. Cotton	3000	3000	Unch
Adampur	B.T. Cotton	2040	27200	-25160
Fatehabad	B.T. Cotton	2300	2500	-200
Dabwali	B.T. Cotton	1700	1500	200
Jind	B.T. Cotton	801	1505	-703.8
Uchana (Jind)	B.T. Cotton	3390	3100	290
Rawatsar (Hanumangarh)	B.T. Cotton	600	800	-200
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	150	NR	-
Hanumangarh	B.T. Cotton	3000	5000	-2000
Ahmedabad	Shankar-6	68000	51000	17000
Gondal	Shankar-6	1584	2485	-901
Hathras	Desi	300	NR	-
Bijapur	Bunny	3212	4850	-1638
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	2895	3097	-202
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	4000	4000	Unch
Abohar	J-34	1530	1700	-170
Bhatinda	J-34	54400	49300	5100
Mansa	J-34	3400	2720	680
Sirsa	J-34	5100	5100	Unch
Sri-Ganganagar	J-34	NR	NR	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				01-Dec-14	29-Nov-14	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	33200	33200	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	33700	33700	Unch
J-34(202)	26mm	3.5 - 4.9	23	30900	30800	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	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	43700	Unch

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 02/12/2014**

Index	RMB/Ton	Change
CCIndex(328)	14062	-81
CCIndex(527)	13077	-75
CCIndex(229)	14597	-98

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

**Cotlook Index: As on 01/12/2014**

Cotlook Indices	Cents/Pound	Change
A-Index	66.85	Unch

**USDA Cotton Spot Rates: As on 01/12/2014**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	61.93	59.18	NIL
North Delta	60.93	58.18	NIL
South Delta	60.93	58.18	NIL
East TX-OK	58.25	57.25	1951
West Texas	58.50	58.00	10532
Desert SW	63.68	56.68	NIL
SJ Valley	67.83	57.93	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 01/12/2014**

Contract	Open	High	Low	Close	Change
<b>Dec-14</b>	61.26	61.28	60.04	60.18	<b>-0.78</b>
<b>Mar-15</b>	59.95	60.30	59.08	59.18	<b>-0.90</b>
<b>May-15</b>	60.75	61.13	60.02	60.12	<b>-0.83</b>
<b>Jul-15</b>	61.45	61.66	60.89	60.98	<b>-0.86</b>
<b>Oct-15</b>	62.39	62.44	62.21	62.44	<b>-0.92</b>
<b>Dec-15</b>	64.1	64.2	63.5	63.53	<b>-0.83</b>

**Pakistan Cotton Spot rates: As on 01/12/2014 (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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