

**Domestic Fundamentals:**

**Market Outlook:** Cotton market noticed mixed tone on Thursday.

**In The News:** India's minister of state for agriculture Mohanbhai Kundaria said that there is no proposal to increase the minimum support price (MSP) of cotton. According to the minister, Cotton Corporation of India (CCI) has geared up for procurement of cotton at MSP in 341 centers in 92 districts from the 11 cotton growing states.

Around 4000 farmers gathered at Rajkot district of Gujarat day before yesterday 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 few days back 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.

### International Fundamentals:

World cotton imports are expected to notice a fall of 15.5% as China, the major consumer, will import lesser this season. China is likely to cut its imports drastically this season due to its increasing cotton stockpiles. Share of China in World ending stocks recorded 62% by the end of previous season.

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.

### Outlook

We expect domestic prices to remain weak to in near term.

#### NCDEX Kapas Futures\*: (Prices in Rs/20kg)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-15	4	794	801	794	798.5	3415	1735	13740	180

Spread	Apr-15		
Spot	22.5	-	-

(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 04 December 2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-14	50	15780	15860	15780	15820	539	5213	443	5276
Jan-15	60	15870	15950	15870	15920	295	3054	292	2981
Feb-15	40	15960	16040	15960	16010	61	1740	55	1682
Mar-15	40	16100	16180	16090	16120	44	1564	47	1545
Apr-15	70	16220	16280	16220	16280	15	195	38	170

Spread	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	
Spot	--					
Dec-14		-100				
Jan-15			-90			
Feb-15				-110		
Mar-15					-160	
Apr-15						--

\*Updated at 5:00 pm on 04 December 2014

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

Centre	Variety	Prices		Change
		4-Dec-14	3-Dec-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4100	4100	Unch
Khandwa	Mech-1	NA	4050	-
Khargaon	Mech-1	NA	4050	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4250	4200	50
Rajkot	B.T. Cotton	4105	4120	-15
Patan	B.T. Cotton	4175	4140	35
Deesa	B.T. Cotton	3950	3980	-30
Muktsar	B.T. Cotton	4015	4000	15
Fazilika	B.T. Cotton	4000	NA	-
Bhiwani	B.T. Cotton	4000	3950	50
Adampur	B.T. Cotton	3960	3950	10
Fatehabad	B.T. Cotton	3980	3925	55
Dabwali	B.T. Cotton	3950	3950	Unch
Jind	B.T. Cotton	4000	4021	-21
Uchana	B.T. Cotton	3860	3870	-10
Rawatsar	B.T. Cotton	3850	3860	-10
Hubli	B.T. Cotton	NA	4129	-
Hathras	B.T. Cotton	3500	3700	-200
Hanumangarh	B.T. Cotton	3950	3970	-20
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4175	4125	50
Gondal	Shankar-6	4105	NA	-
	<b>Kapas</b>			
Hathras	Desi	4300	4500	-200
Bijapur	Bunny	4096	4100	-4
Hubli	D.C.H.	NA	4969	-
Raichur	H-44 Cotton	4080	4075	5
Guntur	Un-Ginned	NA	4050	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	4050	-
East Godavari	Un-Ginned	4000	4000	Unch
	<b>Lint</b>	<b>Rs./Maunder of 37.32kg each)</b>		
Abohar	J-34	3435	3415	20
Muktsar	J-34	3435	3410	25
Fazilika	J-34	3410	NA	-
Bhatinda	J-34	3435	3415	20
Mansa	J-34	3425	3405	20
Sirsa	J-34	3330	3300	30
Sri-Ganganagar	J-34	3140	3102	38

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		4-Dec-14	3-Dec-14	
Amravati	Mech-1	1500	1400	100
Khandwa	Mech-1	NA	1800	-
Khargaone	Mech-1	NA	13000	-
Mahesana(Kadi)	B.T. Cotton	35000	30000	5000
Rajkot	B.T. Cotton	3050	4000	-950
Patan	B.T. Cotton	12930	16745	-3815
Deesa	B.T. Cotton	1150	1175	-25
Fazilika	B.T. Cotton	2000	NA	-
Muktsar	B.T. Cotton	510	510	Unch
Bhiwani	B.T. Cotton	5000	5000	Unch
Adampur	B.T. Cotton	2210	2550	-340
Fatehabad	B.T. Cotton	3000	2500	500
Dabwali	B.T. Cotton	1300	1500	-200
Jind	B.T. Cotton	1530	765	765
Uchana (Jind)	B.T. Cotton	2200	3400	-1200
Rawatsar (Hanumangarh)	B.T. Cotton	400	350	50
Hubli	B.T. Cotton	NA	118	-
Hathras	B.T. Cotton(US)	60	NA	-
Hanumangarh	B.T. Cotton	4000	5000	-1000
Ahmedabad	Shankar-6	59500	62900	-3400
Gondal	Shankar-6	2523	NA	-
Hathras	Desi	350	200	150
Bijapur	Bunny	3242	3680	-438
Hubli	D.C.H.	NA	98	-
Raichur	H-44 Cotton	2375	2302	73
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	1530	1360	170
Bhatinda	J-34	51000	51000	Unch
Mansa	J-34	2550	2550	Unch
Sirsa	J-34	4250	3740	510
Sri-Ganganagar	J-34	15300	15300	Unch

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				3-Dec-14	2-Dec-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	33200	33200	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	33700	33700	Unch
J-34(202)	26mm	3.5 - 4.9	23	31000	30900	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32400	32300	100
Shankar-6(105)	29mm	3.5 - 4.9	28	33000	32900	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34100	33900	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35000	34800	200
DCH-32(107)	34mm	3.0 - 3.8	33	43700	43700	Unch

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 04/12/2014**

Index	RMB/Ton	Change
CCIndex(328)	13966	-83
CCIndex(527)	13003	-69
CCIndex(229)	14520	-68

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

**Cotlook Index: As on 03/12/2014**

Cotlook Indices	Cents/Pound	Change
A-Index	66.35	0.35

**USDA Cotton Spot Rates: As on 03/12/2014**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.39	59.64	5564
North Delta	61.39	58.64	NIL
South Delta	61.39	58.64	1285
East TX-OK	58.25	57.25	2554
West Texas	58.50	58.00	11679
Desert SW	64.64	57.64	600
SJ Valley	68.29	58.39	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 03/12/2014**

Contract	Open	High	Low	Close	Change
<b>Dec-14</b>	61.00	61.01	60.75	61.01	<b>0.26</b>
<b>Mar-15</b>	59.19	60.25	59.11	59.64	<b>0.26</b>
<b>May-15</b>	60.50	61.08	60.09	60.54	<b>0.26</b>
<b>Jul-15</b>	61.35	61.80	61.08	61.27	<b>0.14</b>
<b>Oct-15</b>	62.72	62.72	62.72	62.72	<b>0.13</b>
<b>Dec-15</b>	63.84	64.47	63.78	63.92	<b>0.13</b>

**Pakistan Cotton Spot rates: As on 03/12/2014 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	4750	150	4900
Equivalent	40 Kgs	5091	160	5251

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