

**There will be no reports and updates on 25 Dec 2014 as Agriwatch will be closed for the occasion of Christmas Day.**

### Domestic Fundamentals:

**Market Outlook:** Cotton market noticed weak tone on profit-booking.

**In The News:** US Cotton future fell on profit booking.

The China's Xinjiang Department of Agriculture announced on December 23,2014 that Xinjiang cotton acreage total to 29.67 million mu in 2014.

In 2015 decline in US and World acreage is expected on lower prices, and this will leads to retract the supply-side (production). And if, demand also show improvement then cotton prices may show some improvement-Southeast Farm Press.

The cotton procurement by Cotton Corporation of India (CCI)reach to 2.50 million bales — the highest since 2008-09 when the state-run agency purchased a record 8.93 million bales in the entire marketing year and compared with just 40,813 bales in the whole of last marketing year through September 2014. Most of the purchases this year have been from Andhra Pradesh and Maharashtra, the leading producers after Gujarat. One bale equals 170 kg.

Year	CCI Procurement in Bales
2007-08	223305
2008-09	8934830
2009-10	580596
2010-11	152
2011-12	7696
2012-13	2286423
2013-14	40813
2014-15*	2493400
*Upto December 14	

According to the Gujarat Agriculture Department, following is the final estimate for 2013-14:

Gujarat Final Estimate 2013-14	Area ('000 Ha.)	Production ('000 bales each of 170 Kg)	Yield (in lint)
Cotton	2519	10088	680

Gujarat farmers continue to agitate on cotton MSP, they are demanding to surge it to Rs.1000 per 20 Kg from present Rs.810 per 20 kg.

As estimated by USDA, cotton export from India would be around 1.089 million tonnes this season (2014-15), around 46% lower when compared to the exports in previous season, which was 2.015 million tonnes.

According to Cotton Association of India (CAI) cotton output in the country would stand around 402 lakh bales in season 2014-15, slightly lower than the production of previous season when it was 407.25 lakh bales. The expected fall in production in Gujarat has been considered the reason for the fall in production in the country. Gujarat is projected to produce 122 lakh bales of cotton this season compared to 129.5 lakh bales previous season.

India has relaxed the rules applied to cotton and cotton yarn export in order to boost the export volume from country. The government of India has dispensed the requirement of registration to Directorate General of Foreign Trade (DGFT) for exports of cotton and cotton yarn which was earlier mandatory for the traders along with notification of their targeted export volume for the year. India is expected to produce

400 lakh bales of cotton this year, slightly higher than previous year, but enough to raise the availability as export would be on weaker side, causing demand deficit.

Around 18000 hectares of cotton crop in Jalgaon and 8560 hectares in Dhule have been diagnosed with Cotton wilt, locally known as "Mar" disease caused by *Fusarium oxysporum* fungus, as reported by Commissionerate of Agriculture, Pune, Government of Maharashtra. As the intensity of the disease is found to be below Economic Threshold Level (ETL), there are fewer chances of any significant losses to occur.

According to latest FAS report released by USDA, production of cotton in India would be around 392 lakh bales in season 2014/15. The yield estimated for the current season is 525 kg per hectare which is lower than the 538 kg per hectare, the average yield of three years. As farmers said, the fall in yield is the outcome of deficit rainfall, which led the lesser numbers of bolls per plant.

According to Cotton Corporation of India (CCI), total consumption of cotton in India during the season 2014-15 would be around 311 lakh bales, 4.1% higher when compared to the consumption of previous year, when the same was 298.88 lakh bales. Mill consumption and Small mill consumption would be around 275 and 26 lakh bales respectively and Non mill consumption is likely to be around 10 lakh bales.

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.

### International Fundamentals:

Pakistan Bureau of Statistics revealed that textile and clothing export surged to \$1.128 billion in November 2014 from \$998.143 million in the corresponding period of last year, an increase of 7.01 per cent.

Cotton from Nigeria is being sold at 70 percent less in the international market, than the price of the same product from other countries such as Burkina Faso, China and India, on account of the fact that Nigeria does not produce Biotechnology (BT) cotton.

Cotton production in China stood 2.2% lower to 6.16 million tonnes in 2014 when compared to the previous year. The reason for this decline is the falling acreage, which decreased around 3% on year on year basis. Deficit in cotton output in China brings delight to the cotton exporting nations as it increases the possibilities of larger cotton export demand from China, the major consumer in the world.

China's decision to keep cotton import up to the quota limit of 894,000 tonnes has kept the market under the bearish pressure. Global prices are moving downtrend amid the expectation of lesser imports by China, the top importer of cotton in the world. According to USDA china is likely to import 1.52 million tonnes, around 50.5% lower when compared to the 3.075 million tonnes of imports previous year.

According to the latest report by USDA, cotton production on the global front would stand around 25.905 million tonnes this season 2014-15 around 1.09% lower when compared to 26.191 million tonnes previous year.

### Outlook

We expect domestic prices to remain firm in near term.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-15	-7.5	818	819	806.5	807	3856	-747	18193	142

Spread	Apr-15		
Spot	65	-	-

(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 24-12-2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-14	-410	16050	16050	15540	15610	290	-487	148	-2435
Jan-15	-90	15870	15910	15760	15770	565	-816	2277	-2628
Feb-15	-100	16000	16100	15940	15940	1208	455	5034	2081
Mar-15	-60	16180	16240	16120	16120	305	116	3080	675
Apr-15	-20	16390	16410	16300	16340	100	-52	2450	1420

Spread	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	
Spot	--					
Dec-14		-160				
Jan-15			-170			
Feb-15				-180		
Mar-15					-220	
Apr-15						-150

\*Updated at 5:00 pm on 24-12-2014

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

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

Centre	Variety	Prices		Change
		24-Dec-14	23-Dec-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4050	4050	Unch
Khandwa	Mech-1	4100	4075	25
Khargaon	Mech-1	4100	4075	25
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4350	4350	Unch
Rajkot	B.T. Cotton	4360	4340	20
Patan	B.T. Cotton	4260	4300	-40
Deesa	B.T. Cotton	4085	4095	-10
Muktsar	B.T. Cotton	4125	4100	25
Fazilika	B.T. Cotton	4100	4080	20
Bhiwani	B.T. Cotton	4250	4200	50
Adampur	B.T. Cotton	4150	4100	50
Fatehabad	B.T. Cotton	4180	4075	105
Dabwali	B.T. Cotton	4120	4050	70
Jind	B.T. Cotton	4095	4150	-55
Uchana (Jind)	B.T. Cotton	4230	4141	89
Rawatsar (Hanumangarh)	B.T. Cotton	4010	3965	45
Hubli	B.T. Cotton	4244	4247	-3
Hathras	B.T. Cotton(US)	3700	3700	Unch
Hanumangarh	B.T. Cotton	4065	4000	65
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4350	4350	Unch
Gondal	Shankar-6	4280	4275	5
	<b>Kapas</b>			
Hathras	Desi	4800	4700	100
Bijapur	Bunny	4215	4199	16
Hubli	D.C.H.	5159	5389	-230
Raichur	H-44 Cotton	NA	NA	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	4250	4300	-50
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	4000	-
	<b>Lint</b>	<b>Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	3500	3475	25
Muktsar	J-34	3490	3470	20
Fazilika	J-34	3405	3480	-75
Bhatinda	J-34	3500	3490	10
Mansa	J-34	3495	3470	25
Sirsa	J-34	3420	3400	20
Sri-Ganganagar	J-34	3206	3177	28

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		24-Dec-14	23-Dec-14	
Amravati	Mech-1	5900	5700	200
Khandwa	Mech-1	800	1200	-400
Khargaone	Mech-1	6000	5000	1000
Mahesana(Kadi)	B.T. Cotton	60000	55000	5000
Rajkot	B.T. Cotton	4250	4100	150
Patan	B.T. Cotton	13510	12430	1080
Deesa	B.T. Cotton	3725	2850	875
Fazilika	B.T. Cotton	1300	1300	Unch
Muktsar	B.T. Cotton	340	425	-85
Bhiwani	B.T. Cotton	2000	3000	-1000
Adampur	B.T. Cotton	1020	1360	-340
Fatehabad	B.T. Cotton	800	800	Unch
Dabwali	B.T. Cotton	1400	1900	-500
Jind	B.T. Cotton	1020	765	255
Uchana (Jind)	B.T. Cotton	2180	1000	1180
Rawatsar (Hanumangarh)	B.T. Cotton	300	100	200
Hubli	B.T. Cotton	72	88	-16
Hathras	B.T. Cotton(US)	NA	60	-
Hanumangarh	B.T. Cotton	2000	2000	Unch
Ahmedabad	Shankar-6	76500	85000	-8500
Gondal	Shankar-6	2505	2007	498
Hathras	Desi	200	250	-50
Bijapur	Bunny	3758	3501	257
Hubli	D.C.H.	26	332	-306
Raichur	H-44 Cotton	NA	NA	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	11	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	4000	-
Abohar	J-34	1190	1700	-510
Bhatinda	J-34	51000	46750	4250
Mansa	J-34	510	1020	-510
Sirsa	J-34	1700	1190	510
Sri-Ganganagar	J-34	8500	10200	-1700

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				23-Dec-14	22-Dec-14	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	32200	32200	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	32700	32700	Unch
J-34(202)	26mm	3.5 - 4.9	23	31900	31600	300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32700	32700	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	33200	33200	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34300	34200	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35400	35100	300
DCH-32(107)	34mm	3.0 - 3.8	33	44500	44200	300

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 24/12/2014**

Index	RMB/Ton	Change
CCIndex(328)	13621	-3
CCIndex(527)	12702	-3
CCIndex(229)	14315	-6

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

**Cotlook Index: As on 23/12/2014**

Cotlook Indices	Cents/Pound	Change
A-Index	70.25	0.90

**USDA Cotton Spot Rates: As on 23/12/2014**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.32	65.07	13850
North Delta	61.32	64.07	8100
South Delta	61.32	64.07	Nil
East TX-OK	59.25	60.25	8574
West Texas	59.75	59.75	29759
Desert SW	60.07	67.07	1238
SJ Valley	60.82	70.72	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 23/12/2014

Contract	Open	High	Low	Close	Change
Mar-15	62.04	62.84	61.56	61.82	-0.22
May-15	62.49	63.4	62.14	62.42	-0.07
Jul-15	63.1	63.94	62.8	63.09	-0.01
Oct-15	64.35	64.35	64.35	64.35	-0.01
Dec-15	65.47	66.23	65.3	65.49	0.11

Pakistan Cotton Spot rates: As on 23/12/2014 (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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