

Domestic Fundamentals:

Market Outlook: Cotton market noticed firm tone in spot market while weak tone at Future exchange.

In The News:

The Parliamentary Standing Committee for Labour on Demands for Grants of Ministry of Textile as its second report has opposed dilution in jute packaging and recommend not to dilute the provisions of reservation as contained in The Jute Packaging Materials (Compulsory) Use in Packaging Commodities) Act 1987.

YSRC Farmers Wing state president M.V.S. Nagireddy states that Andhra Pradesh, where the cost of agricultural labour was high, was the biggest loser because of the Central government cumulative average formula for fixing of MSP. While the cost per acre was Rs. 3,500 for Punjab and Haryana the cost in Andhra Pradesh was between Rs. 7,000 and Rs. 8,000.

New Indian Govt adopts textile sector friendly policies-

- The proposal for imposing duty on branded items was also dropped providing relief to the entire value chain.
- Introduce to the Scheme of Integrated Textile Parks (SITP) is one of the flagship schemes of the Ministry of Textiles
- The 13 new textiles parks were approved by the Project Approval Committee (PAC) chaired by the minister of state for textiles. The parks will receive a grant to the extent of Rs 520 crore from government for infrastructure development, they are estimated to bring in private sector investment of about Rs 3,240 crore.
- Also initiates a proposal to extend 24/7 customs clearance facility at 13 airports and 14 sea ports, resulting in faster clearance of import and export cargo.
- Duty free entitlement to garment exporters for import of trimmings, embellishments and other specified items increased from 3 per cent to 5 per cent. This initiative is expected to generate an additional apparel exports estimated at Rs 10,000 crore.

Informa reduce 2015 USA Cotton Production Forecast. Informa Economics forecast 2015 upland cotton acres in the United States at 9.38 million acres and total plantings of the fiber at 9.6 million acres, both down sharply from the prior year. The total cotton estimate was also down 13.1 percent from 2014. The farmers are willing to shift towards soybean in the mid-south region.

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 lead to retract the supply-side (production). And if demand also shows improvement then cotton prices may show some improvement—Southeast Farm Press.

The cotton procurement by Cotton Corporation of India (CCI) reached 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.

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 range-bound in near term.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-15	-5	823	826.5	815	816	6500	-518	19183	835

Spread	Apr-15		
Spot	52	--	--

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

*Last Update at 5:00 PM on 29-12-2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-14	-100	15870	15880	15650	15700	347	-119	1187	-527
Jan-15	-100	16080	16100	15910	15930	949	83	5660	324
Feb-15	-70	16260	16270	16120	16140	433	129	3023	10
Mar-15	-40	16430	16470	16330	16360	127	10	2545	17
Apr-15	-70	16560	16590	16500	16510	40	-55	1138	22

Spread	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	
Spot	--					
Dec-14		-230				
Jan-15			-210			
Feb-15				-220		
Mar-15					-150	
Apr-15						190

*Last Update at 5:00 PM on 29-12-2014

(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
		29-Dec-14	27-Dec-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4050	4050	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4350	4250	100
Rajkot	B.T. Cotton	4340	4270	70
Patan	B.T. Cotton	4260	4250	10
Deesa	B.T. Cotton	4080	4075	5
Muktsar	B.T. Cotton	4300	4100	200
Fazilika	B.T. Cotton	4260	4120	140
Bhiwani	B.T. Cotton	4450	4300	150
Adampur	B.T. Cotton	4350	4270	80
Fatehabad	B.T. Cotton	4350	4300	50
Dabwali	B.T. Cotton	4320	4235	85
Jind	B.T. Cotton	4420	4400	20
Uchana (Jind)	B.T. Cotton	4300	4200	100
Rawatsar (Hanumangarh)	B.T. Cotton	4180	4140	40
Hubli	B.T. Cotton	NA	4279	-
Hathras	B.T. Cotton(US)	4100	NA	-
Hanumangarh	B.T. Cotton	4250	4200	50
	Kapas			
Ahmedabad	Shankar-6	4350	4350	Unch
Gondal	Shankar-6	4265	4255	10
	Kapas			
Hathras	Desi	4700	NA	-
Bijapur	Bunny	4249	4309	-60
Hubli	D.C.H.	NA	5089	-
Raichur	H-44 Cotton	NA	4200	-
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	3515	3510	5
Muktsar	J-34	3515	3490	25
Fazilika	J-34	3525	3505	20
Bhatinda	J-34	3535	3510	25
Mansa	J-34	3515	3490	25
Sirsa	J-34	3460	3440	20
Sri-Ganganagar	J-34	3215	3215	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		29-Dec-14	27-Dec-14	
Amravati	Mech-1	6000	6000	Unch
Khandwa	Mech-1	NA	NA	-
Khargaone	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	50000	50000	Unch
Rajkot	B.T. Cotton	5450	4500	950
Patan	B.T. Cotton	16080	13000	3080
Deesa	B.T. Cotton	5755	3685	2070
Fazilika	B.T. Cotton	1000	1300	-300
Muktsar	B.T. Cotton	170	425	-255
Bhiwani	B.T. Cotton	2000	2500	-500
Adampur	B.T. Cotton	1020	850	170
Fatehabad	B.T. Cotton	300	500	-200
Dabwali	B.T. Cotton	1300	1100	200
Jind	B.T. Cotton	680	595	85
Uchana (Jind)	B.T. Cotton	1200	1000	200
Rawatsar (Hanumangarh)	B.T. Cotton	100	300	-200
Hubli	B.T. Cotton	NA	272	-
Hathras	B.T. Cotton(US)	125	NA	-
Hanumangarh	B.T. Cotton	3000	3000	Unch
Ahmedabad	Shankar-6	93500	88400	5100
Gondal	Shankar-6	2862	2433	429
Hathras	Desi	300	NA	-
Bijapur	Bunny	5010	2838	2172
Hubli	D.C.H.	NA	10	-
Raichur	H-44 Cotton	NA	2850	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	680	1020	-340
Bhatinda	J-34	30600	37400	-6800
Mansa	J-34	425	340	85
Sirsa	J-34	1360	1360	Unch
Sri-Ganganagar	J-34	6800	6800	Unch

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				27-Dec-14	26-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	32200	32000	200
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	34300	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35400	35400	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	44500	44500	Unch

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 29/12/2014

Index	RMB/Ton	Change
CCIndex(328)	13609	-8
CCIndex(527)	12697	-1
CCIndex(229)	14303	-12

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

Cotlook Index: As on 24/12/2014

Cotlook Indices	Cents/Pound	Change
A-Index	69.95	-0.30

USDA Cotton Spot Rates: As on 24/12/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.28	65.03	4359
North Delta	61.28	64.03	4957
South Delta	61.28	64.03	848
East TX-OK	58.75	59.75	5001
West Texas	59.25	59.25	6531
Desert SW	60.03	67.03	Nil
SJ Valley	60.78	70.68	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 26/12/2014

Contract	Open	High	Low	Close	Change
Mar-15	61.78	61.95	61.57	61.63	-0.15
May-15	62.50	62.50	62.10	62.19	-0.05
Jul-15	62.94	63.05	62.91	63.02	0.09
Oct-15	64.28	64.28	64.28	64.28	0.09
Dec-15	65.39	65.39	65.38	65.38	0.05

Pakistan Cotton Spot rates: As on 27/12/2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	4850	150	5000
Equivalent	40 Kgs	5198	160	5358

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