

### Domestic Fundamentals:

**Market Outlook:** Cotton market noticed mostly weak tone.

**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 show improvement then cotton prices may show some improvement-Southeast Farm Press.

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 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	-4	815	817	808.5	811	4935	-1565	19476	293

Spread	Apr-15		
Spot	47		

(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 30-12-2014

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-14	-50	15650	15790	15620	15650	209	-138	1004	-183
Jan-15	-60	16000	16000	15810	15870	558	-391	5725	65
Feb-15	-60	16200	16200	16070	16080	288	-145	3009	-14
Mar-15	-70	16310	16350	16270	16280	65	-62	2545	0
Apr-15	-70	16510	16520	16440	16440	35	-5	1148	10

Spread	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	
Spot	--					
Dec-14		-220				
Jan-15			-210			
Feb-15				-200		
Mar-15					-160	
Apr-15						-200

\*Last Update at 5:00 PM on 30-12-2014

(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
		30-Dec-14	29-Dec-14	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4050	4050	Unch
Khandwa	Mech-1	4180	NA	-
Khargaon	Mech-1	4180	NA	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4200	4350	-150
Rajkot	B.T. Cotton	4290	4340	-50
Patan	B.T. Cotton	4210	4260	-50
Deesa	B.T. Cotton	4020	4080	-60
Muktsar	B.T. Cotton	4300	4300	Unch
Fazilika	B.T. Cotton	4350	4260	90
Bhiwani	B.T. Cotton	4500	4450	50
Adampur	B.T. Cotton	4375	4350	25
Fatehabad	B.T. Cotton	4350	4350	Unch
Dabwali	B.T. Cotton	4400	4320	80
Jind	B.T. Cotton	4420	4420	Unch
Uchana (Jind)	B.T. Cotton	4475	4300	175
Rawatsar (Hanumangarh)	B.T. Cotton	4180	4180	Unch
Hubli	B.T. Cotton	4299	4295	4
Hathras	B.T. Cotton(US)	4100	4100	Unch
Hanumangarh	B.T. Cotton	4250	4250	Unch
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4350	4350	Unch
Gondal	Shankar-6	4255	4265	-10
	<b>Kapas</b>			
Hathras	Desi	4700	4700	Unch
Bijapur	Bunny	4259	4249	10
Hubli	D.C.H.	5299	5391	-92
Raichur	H-44 Cotton	NA	4211	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	4050	-
East Godavari	Un-Ginned	4000	4000	Unch
	<b>Lint</b>	<b>Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	3530	3515	15
Muktsar	J-34	3530	3515	15
Fazilika	J-34	3520	3525	-5
Bhatinda	J-34	3540	3535	5
Mansa	J-34	3520	3515	5
Sirsa	J-34	3460	3460	Unch
Sri-Ganganagar	J-34	3243	3215	28

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		30-Dec-14	29-Dec-14	
Amravati	Mech-1	7500	6000	1500
Khandwa	Mech-1	800	NA	-
Khargaone	Mech-1	8000	NA	-
Mahesana(Kadi)	B.T. Cotton	40000	50000	-10000
Rajkot	B.T. Cotton	5400	5450	-50
Patan	B.T. Cotton	14221	16080	-1859
Deesa	B.T. Cotton	3475	5755	-2280
Fazilika	B.T. Cotton	1000	1000	Unch
Muktsar	B.T. Cotton	170	170	Unch
Bhiwani	B.T. Cotton	2500	2000	500
Adampur	B.T. Cotton	850	1020	-170
Fatehabad	B.T. Cotton	300	300	Unch
Dabwali	B.T. Cotton	1200	1300	-100
Jind	B.T. Cotton	595	680	-85
Uchana (Jind)	B.T. Cotton	1600	1200	400
Rawatsar (Hanumangarh)	B.T. Cotton	150	100	50
Hubli	B.T. Cotton	48	192	-144
Hathras	B.T. Cotton(US)	30	125	-95
Hanumangarh	B.T. Cotton	2000	3000	-1000
Ahmedabad	Shankar-6	85000	93500	-8500
Gondal	Shankar-6	2497	2862	-365
Hathras	Desi	150	300	-150
Bijapur	Bunny	3331	5010	-1679
Hubli	D.C.H.	116	184	-68
Raichur	H-44 Cotton	NA	2805	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	850	680	170
Bhatinda	J-34	34000	30600	3400
Mansa	J-34	340	425	-85
Sirsa	J-34	850	1360	-510
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 30/12/2014**

Index	RMB/Ton	Change
CCIndex(328)	13607	-2
CCIndex(527)	12688	-9
CCIndex(229)	14303	0

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

**Cotlook Index: As on 29/12/2014**

Cotlook Indices	Cents/Pound	Change
A-Index	69.85	-0.10

**USDA Cotton Spot Rates: As on 29/12/2014**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	65.26	62.51	259
North Delta	64.26	61.51	8
South Delta	64.26	61.51	NIL
East TX-OK	60.25	59.25	4043
West Texas	59.75	59.75	10348
Desert SW	67.26	60.26	NIL
SJ Valley	70.91	61.01	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 29/12/2014

Contract	Open	High	Low	Close	Change
Mar-15	61.55	62.29	61.36	62.01	0.38
May-15	62.00	62.72	61.94	62.48	0.29
Jul-15	63.03	63.41	62.80	63.35	0.33
Oct-15	64.57	64.57	64.57	64.57	0.29
Dec-15	65.50	65.75	65.28	65.72	0.34

Pakistan Cotton Spot rates: As on 29/12/2014 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	4900	150	5050
Equivalent	40 Kgs	5251	160	5411

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