

Domestic Fundamentals:

Market Outlook: Cotton market noticed weak tone on sluggish demand.

In The News: Textile industry demanded that the government should ensure that raw material costs, costs of converting raw material to finished goods as well as the tariff should be less than or equal to international prices. Industry also asked for removal of import duty, the special additional duty, reduction in the central excise duty from 12% to 6% and removal of the anti-dumping duty so that the industry and products become globally competitive.

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.

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 leads 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	-3.5	801	803.5	782	796	6618	2320	20083	796

Spread	Apr-15		
Spot	44		

(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 02-01-2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-15	-50	15690	15760	15570	15630	790	417	5835	5211
Feb-15	-40	15850	15940	15760	15810	547	-225	3276	-2633
Mar-15	-20	16050	16120	15980	16010	284	-26	2551	-452
Apr-15	-20	16250	16300	16150	16200	59	-97	1147	-1450
May-15	-50	16400	16400	16340	16400	6	-3	73	-1075

Spread	Jan-15	Feb-15	Mar-15	Apr-15	May-15	--
Spot	--					
Jan-15		-180				
Feb-15			-200			
Mar-15				-190		
Apr-15					-200	
May-15						

*Last Update at 5:00 PM on 02-01-2015

(NB: Spread Basis = Spot- Near Month Future)

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		2-Jan-15	31-Dec-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	3950	4050	-100
Khandwa	Mech-1	Closed	4180	-
Khargaon	Mech-1	Closed	4180	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4300	4300	Unch
Rajkot	B.T. Cotton	4200	4220	-20
Patan	B.T. Cotton	4200	4205	-5
Deesa	B.T. Cotton	4105	4080	25
Muktsar	B.T. Cotton	4250	4300	-50
Fazilika	B.T. Cotton	4270	4315	-45
Bhiwani	B.T. Cotton	4550	4550	Unch
Adampur	B.T. Cotton	4275	4315	-40
Fatehabad	B.T. Cotton	4325	4350	-25
Dabwali	B.T. Cotton	4260	4295	-35
Jind	B.T. Cotton	NA	4140	-
Uchana	B.T. Cotton	NA	4450	-
Rawatsar	B.T. Cotton	4190	4220	-30
Hubli	B.T. Cotton	4339	4310	29
Hathras	B.T. Cotton(US)	4200	4200	Unch
Hanumangarh	B.T. Cotton	4250	4225	25
	Kapas			
Ahmedabad	Shankar-6	4250	4325	-75
Gondal	Shankar-6	4255	4225	30
	Kapas			
Hathras	Desi	4700	4700	Unch
Bijapur	Bunny	4229	4255	-26
Hubli	D.C.H.	5199	5289	-90
Raichur	H-44 Cotton	NA	4160	-
Guntur	Un-Ginned	4500	NA	-
Kurnool	Un-Ginned	4250	NA	-
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	3950	4000	-50
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3480	3510	-30
Muktsar	J-34	3475	3510	-35
Fazilika	J-34	3490	3505	-15

Bhatinda	J-34	3485	3515	-30
Mansa	J-34	3470	3510	-40
Sirsa	J-34	3390	3460	-70
Sri-Ganganagar	J-34	3196	3243	-47

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		2-Jan-15	31-Dec-14	
Amravati	Mech-1	6000	8500	-2500
Khandwa	Mech-1	Closed	800	-
Khargane	Mech-1	Closed	8000	-
Mahesana(Kadi)	B.T. Cotton	45000	50000	-5000
Rajkot	B.T. Cotton	4300	5100	-800
Patan	B.T. Cotton	4200	13360	-9160
Deesa	B.T. Cotton	1250	5755	-4505
Fazilika	B.T. Cotton	800	1200	-400
Muktsar	B.T. Cotton	170	170	Unch
Bhiwani	B.T. Cotton	1500	1500	Unch
Adampur	B.T. Cotton	510	680	-170
Fatehabad	B.T. Cotton	350	250	100
Dabwali	B.T. Cotton	1600	800	800
Jind	B.T. Cotton	NA	510	-
Uchana	B.T. Cotton	NA	1600	-
Rawatsar	B.T. Cotton	100	100	Unch
Hubli	B.T. Cotton	64	66	-2
Hathras	B.T. Cotton(US)	NA	75	-
Hanumangarh	B.T. Cotton	3000	2500	500
Ahmedabad	Shankar-6	76500	88400	-11900
Gondal	Shankar-6	2068	2244	-176
Hathras	Desi	NA	200	-
Bijapur	Bunny	3511	3843	-332
Hubli	D.C.H.	46	22	24
Raichur	H-44 Cotton	NA	2715	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-

Abohar	J-34	510	510	Unch
Bhatinda	J-34	28900	30600	-1700
Mansa	J-34	340	340	Unch
Sirsa	J-34	850	850	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
				1-Jan-15	31-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	31800	32000	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32400	32600	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	32900	33100	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34100	34300	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35100	35300	-200
DCH-32(107)	34mm	3.0 - 3.8	33	44100	44300	-200

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 31/12/2014

Index	RMB/Ton	Change
CCIndex(328)	13605	-2
CCIndex(527)	12685	-3
CCIndex(229)	14303	0

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

Cotlook Index: As on 31/12/2014

Cotlook Indices	Cents/Pound	Change
A-Index	70.05	Unch

USDA Cotton Spot Rates: As on 31/12/2014

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	60.77	63.52	2140
North Delta	59.77	62.52	NIL
South Delta	59.77	62.52	NIL
East TX-OK	57.50	58.50	596
West Texas	58.00	58.00	12961
Desert SW	58.52	65.52	400
SJ Valley	59.27	69.17	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 31/12/2014

Contract	Open	High	Low	Close	Change
Mar-15	61.99	62.08	60.22	60.27	-1.71
May-15	62.53	62.72	61.01	61.07	-1.52
Jul-15	63.46	63.53	61.90	62.00	-1.49
Oct-15	63.28	63.28	63.28	63.28	-1.47
Dec-15	65.85	65.90	64.35	64.42	-1.52

Pakistan Cotton Spot rates: As on 1/1/2015 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	4950	150	5100
Equivalent	40 Kgs	5305	160	5465

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