

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone on weak trading activities.

In The News: Cotton industry in India noticed overall growth in 2014-15 and production is likely to be around 40.2 million bales, said Cotton Association of India (CAI). Cotton output was 15.8 million bales in 2001-02, which has more than doubled in 2014-15.

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
		3-Jan-15	2-Jan-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4000	3950	50
Khandwa	Mech-1	Closed	Closed	-
Khargaon	Mech-1	Closed	Closed	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4300	4300	Unch
Rajkot	B.T. Cotton	4185	4200	-15
Patan	B.T. Cotton	4200	4200	Unch
Deesa	B.T. Cotton	4100	4105	-5
Muktsar	B.T. Cotton	4250	4250	Unch
Fazilika	B.T. Cotton	4305	4270	35
Bhiwani	B.T. Cotton	4350	4550	-200
Adampur	B.T. Cotton	4275	4275	Unch
Fatehabad	B.T. Cotton	4325	4325	Unch
Dabwali	B.T. Cotton	4280	4260	20
Jind	B.T. Cotton	4370	NA	-
Uchana (Jind)	B.T. Cotton	4470	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	4150	4190	-40
Hubli	B.T. Cotton	NA	4339	-
Hathras	B.T. Cotton(US)	4200	4200	Unch
Hanumangarh	B.T. Cotton	4200	4250	-50
	Kapas			
Ahmedabad	Shankar-6	4300	4250	50
Gondal	Shankar-6	4185	4255	-70
	Kapas			
Hathras	Desi	4700	4700	Unch
Bijapur	Bunny	NA	4229	-
Hubli	D.C.H.	NA	5199	-
Raichur	H-44 Cotton	NA	4150	-
Guntur	Un-Ginned	NA	4500	-
Kurnool	Un-Ginned	NA	4250	-
Krishna	Un-Ginned	NA	4050	-
East Godavari	Un-Ginned	NA	3950	-
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3500	3480	20
Muktsar	J-34	3485	3475	10
Fazilika	J-34	3405	3490	-85

Bhatinda	J-34	3495	3485	10
Mansa	J-34	3490	3470	20
Sirsa	J-34	3410	3390	20
Sri-Ganganagar	J-34	3187	3196	-9

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		3-Jan-15	2-Jan-15	
Amravati	Mech-1	7800	6000	1800
Khandwa	Mech-1	Closed	Closed	-
Khargaone	Mech-1	Closed	Closed	-
Mahesana(Kadi)	B.T. Cotton	35000	45000	-10000
Rajkot	B.T. Cotton	4100	4300	-200
Patan	B.T. Cotton	11385	4200	7185
Deesa	B.T. Cotton	1875	1250	625
Fazilika	B.T. Cotton	750	800	-50
Muktsar	B.T. Cotton	170	170	Unch
Bhiwani	B.T. Cotton	1000	1500	-500
Adampur	B.T. Cotton	680	510	170
Fatehabad	B.T. Cotton	400	350	50
Dabwali	B.T. Cotton	1500	1600	-100
Jind	B.T. Cotton	187	NA	-
Uchana (Jind)	B.T. Cotton	1500	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	100	100	Unch
Hubli	B.T. Cotton	NA	64	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	1000	3000	-2000
Ahmedabad	Shankar-6	68000	76500	-8500
Gondal	Shankar-6	1929	2068	-139
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	3511	-
Hubli	D.C.H.	NA	46	-
Raichur	H-44 Cotton	NA	2032	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-

Abohar	J-34	340	510	-170
Bhatinda	J-34	22100	28900	-6800
Mansa	J-34	340	340	Unch
Sirsa	J-34	680	850	-170
Sri-Ganganagar	J-34	5100	6800	-1700

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				2-Jan-15	1-Jan-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	32200	32200	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	32700	32700	Unch
J-34(202)	26mm	3.5 - 4.9	23	31800	31800	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32200	32400	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	32700	32900	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34100	34100	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35100	35100	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	44100	44100	Unch

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 2/1/2015

Cotlook Indices	Cents/Pound	Change
A-Index	68.55	-1.50

USDA Cotton Spot Rates: As on 2/1/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.83	60.08	2821
North Delta	61.83	59.08	NIL
South Delta	61.83	59.08	NIL
East TX-OK	57.75	56.75	275
West Texas	57.25	57.25	342
Desert SW	64.83	57.83	268
SJ Valley	68.48	58.58	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 2/1/2015

Contract	Open	High	Low	Close	Change
Mar-15	60.27	60.37	59.47	59.58	-0.69
May-15	61.00	61.10	60.15	60.25	-0.82
Jul-15	61.98	61.98	61.14	61.23	-0.77
Oct-15	62.67	62.67	62.67	62.67	-0.61
Dec-15	64.35	64.35	63.83	63.91	-0.51

Pakistan Cotton Spot rates: As on 2/1/2015 (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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