

## Domestic Fundamentals:

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

**In The News:** The Bangladesh's cotton consumption will rise 4.08% in fiscal 2015-16, on higher demand from local spinners and foreign investors in the textile sector- Economist Intelligence Unit (EIU) forecasts.

At ICE Futures Cotton futures end slightly higher on Thursday as traders positioned themselves ahead of a weekly US government export sales report expected to be strong.

Cotton Corporation of India (CCI), has procured 41 lakh bales (of 170 kg each) of cotton at MSP, till now this year from the major cotton growing region including Andhra Pradesh, Telangana and Maharashtra. Around 27 lakh bales of cotton from Andhra Pradesh and Telangana, 7 lakh bales from Maharashtra, 2.20 lakh bales from Gujarat and 2 lakh bales from Punjab, Haryana and Rajasthan have been procured by Cotton Corporation of India.

The International Cotton Advisory Committee (ICAC) see the growth in cotton consumption this season 2014-15, with a estimated surplus of 1.7 million tons in world output of cotton. Ending stocks would stand around 21.3 million tonnes by the end of current season, around 9% higher from the previous season. Cotton output in India would remain stable at 6.8 million tonnes due to unfavorable situation of monsoon.

India could soon see the withdrawal of subsidy from textile export as the it has breached the permissible limit liable to get subsidy. As per the WTO's Agreement on Subsidies and Countervailing Measures, any developing country with the per capita income below USD 1000, would be liable to get export subsidy benefits only if the share of the country remain below 3.25% in that product category. The same would be phased out from the benefits of export subsidy, if the share rises above the limit for the two consecutive years, making the product export competitive. India's share since 2005 is breaching up, which is likely to cause withdrawal of export subsidy.

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.

### International Fundamentals:

The Egypt government will no longer pay the subsidy of 350 Egyptian pounds per quintar(160 kg) for high quality cotton (extra long staple cotton, once known as the country's "white gold") and also advised to farmers that not to plant the crop unless they have contracts to sell the same.

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.

### Outlook

We expect domestic prices to remain range-bound to weak in near term.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-15	-10.5	783	783	772	775	11499	2450	17685	-1115

Spread	Apr-15		
Spot	50		

(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 09-01-2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-15	-210	15350	15360	15130	15210	1598	-20	6122	-32
Feb-15	-180	15580	15580	15310	15420	693	-77	3657	97
Mar-15	-180	15770	15770	15540	15630	340	-181	2865	97
Apr-15	-180	15910	15910	15720	15800	126	38	1215	-12
May-15	-140	16010	16030	15940	16000	8	-6	87	-1

Spread	Jan-15	Feb-15	Mar-15	Apr-15	May-15	--
Spot	--					
Jan-15		-210				
Feb-15			-210			
Mar-15				-170		
Apr-15					-200	
May-15						

\*Last Update at 5:00 PM on 09-01-2015

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

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

Centre	Variety	Prices		Change
		9-Jan-15	8-Jan-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	3975	3950	25
Khandwa	Mech-1	4050	4120	-70
Khargaon	Mech-1	4120	4120	Unch
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4200	4300	-100
Rajkot	B.T. Cotton	4125	4195	-70
Patan	B.T. Cotton	4205	4240	-35
Deesa	B.T. Cotton	4110	4100	10
Muktsar	B.T. Cotton	NA	3490	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4300	4400	-100
Adampur	B.T. Cotton	4310	4340	-30
Fatehabad	B.T. Cotton	4300	4325	-25
Dabwali	B.T. Cotton	4285	4205	80
Jind	B.T. Cotton	4280	4399	-119
Uchana (Jind)	B.T. Cotton	4300	4340	-40
Rawatsar (Hanumangarh)	B.T. Cotton	4165	4350	-185
Hubli	B.T. Cotton	4269	4269	Unch
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	4215	4300	-85
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4200	4300	-100
Gondal	Shankar-6	4145	4130	15
	<b>Kapas</b>			
Hathras	Desi	NA	NA	-
Bijapur	Bunny	4119	4162	-43
Hubli	D.C.H.	5239	5089	150
Raichur	H-44 Cotton	4150	4150	Unch
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4000	4250	-250
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	NA	3950	-
	<b>Lint</b>	<b>Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	3460	3495	-35
Muktsar	J-34	NA	3490	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3470	3500	-30
Mansa	J-34	3465	3480	-15
Sirsa	J-34	3390	3420	-30
Sri-Ganganagar	J-34	3328	3234	94

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		9-Nov-14	8-Nov-14	
Amravati	Mech-1	11300	10600	700
Khandwa	Mech-1	800	900	-100
Khargaon	Mech-1	7000	5500	1500
Mahesana(Kadi)	B.T. Cotton	20000	40000	-20000
Rajkot	B.T. Cotton	5600	4600	1000
Patan	B.T. Cotton	15550	13216	2334
Deesa	B.T. Cotton	4125	4125	Unch
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	170	-
Bhiwani	B.T. Cotton	2000	1500	500
Adampur	B.T. Cotton	680	595	85
Fatehabad	B.T. Cotton	700	700	Unch
Dabwali	B.T. Cotton	800	1200	-400
Jind	B.T. Cotton	510	510	Unch
Uchana (Jind)	B.T. Cotton	2000	2000	Unch
Rawatsar (Hanumangarh)	B.T. Cotton	300	200	100
Hubli	B.T. Cotton	30	84	-54
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	3000	2000	1000
Ahmedabad	Shankar-6	88400	127500	-39100
Gondal	Shankar-6	1773	2151	-378
Hathras	Desi	NA	NA	-
Bijapur	Bunny	2728	2658	70
Hubli	D.C.H.	60	4	56
Raichur	H-44 Cotton	2437	2287	150
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	7	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar*	J-34	680	850	-170
Bhatinda*	J-34	25500	22100	3400
Mansa	J-34	1190	1190	Unch
Sirsa*	J-34	1700	1700	Unch
Sri-Ganganagar*	J-34	5100	5950	-850

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				8-Nov- 14	7-Jan- 15	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	31800	32300	<b>-500</b>
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	32300	32800	<b>-500</b>
J-34(202)	26mm	3.5 - 4.9	23	31900	32100	<b>-200</b>
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32000	32200	<b>-200</b>
Shankar-6(105)	29mm	3.5 - 4.9	28	32300	32500	<b>-200</b>
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33700	33900	<b>-200</b>
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34700	34900	<b>-200</b>
DCH-32(107)	34mm	3.0 - 3.8	33	44600	44600	<b>Unch</b>

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 9/1/2015**

Index	RMB/Ton	Change
CCIndex(328)	13602	<b>-1</b>
CCIndex(527)	12672	<b>-5</b>
CCIndex(229)	14308	<b>-2</b>

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

**Cotlook Index: As on 8/1/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	68.45	<b>0.20</b>

**USDA Cotton Spot Rates: As on 8/1/2015**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	63.81	61.06	<b>1904</b>
North Delta	62.81	60.06	<b>NIL</b>
South Delta	62.81	60.06	<b>NIL</b>
East TX-OK	58.00	57.00	<b>4428</b>
West Texas	57.5	57.50	<b>24144</b>
Desert SW	65.81	58.81	<b>NIL</b>
SJ Valley	69.46	59.56	<b>NIL</b>

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 8/1/2015**

Contract	Open	High	Low	Close	Change
<b>15-Mar</b>	60.43	60.64	60.2	60.56	<b>0.13</b>
<b>15-May</b>	60.88	61.19	60.72	61.12	<b>0.21</b>

<b>15-Jul</b>	61.85	62.15	61.7	62.11	<b>0.23</b>
<b>15-Oct</b>	63.26	63.26	63.26	63.26	<b>0.01</b>
<b>15-Dec</b>	64.47	64.51	64.3	64.48	<b>0.01</b>
<b>16-Mar</b>	65.6	65.6	65.49	65.6	<b>Unch</b>

**Pakistan Cotton Spot rates: As on 8/1/2015 (in Pakistan Rupees)**

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

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