

### Domestic Fundamentals:

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

**In The News:** Cotton production is likely to be around 6.641 million tonnes, slightly lower than the production of previous season which was 6.750 million tonnes, according to United States Department of Agriculture (USDA). In its previous estimate, USDA projected cotton output in India to be around 6.750 million tonnes during the current season, but the same has lowered the output estimate considering the unfavorable weather conditions which could still impact the cotton crop.

Cotton prices are under the pressure of bears as Cotton Corporation of India (CCI) has announced the commencement of sale of cotton from 15 January onwards, which it has procured from different centers at MSP in the current season (Oct'14-Sept'15).

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.

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.

### International Fundamentals:

World cotton export are likely to be around 7.401 million tonnes in season 2014-15, around 16.5% lower when compared to the exports during previous season, which stood around 8.868 million tonnes, said USDA.

China is likely to import 1.524 million tonnes of cotton this season, around 50.4% lower when compared to import of previous season when it imported 3.075 million tonnes of cotton. World cotton import would stand around 7.401 million tonnes this season which was 8.836 million tonnes previous season.

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.

The Egypt government will no longer pay the subsidy of 350 Egyptian pounds per qintar(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 weak to range bound in near term.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-15	-1.5	772.5	774	765.5	770.5	4183	815	18014	432

Spread	Apr-15		
Spot	54.5		

Updated at 5:00 pm on 13-01-2015

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

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-15	30	15200	15220	15150	15210	573	-294	5523	-240
Feb-15	20	15370	15420	15350	15400	329	-105	3781	117
Mar-15	20	15580	15590	15540	15590	100	-23	2908	-2
Apr-15	10	15770	15780	15740	15780	26	-46	1182	-42
May-15	--	--	--	--	--	--	-6	89	0

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

Updated at 5:00 pm on 13-01-2015

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

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

Centre	Variety	Prices		Change
		13-Jan-15	12-Jan-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	3965	3950	15
Khandwa	Mech-1	NA	4050	-
Khargaon	Mech-1	NA	4120	-
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Mahesana(Kadi)	B.T. Cotton	4250	4200	50
Rajkot	B.T. Cotton	4125	4150	-25
Patan	B.T. Cotton	4170	4195	-25
Deesa	B.T. Cotton	4075	4105	-30
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	4320	4270	50
Bhiwani	B.T. Cotton	4300	4325	-25
Adampur	B.T. Cotton	4270	4260	10
Fatehabad	B.T. Cotton	4225	4250	-25
Dabwali	B.T. Cotton	4150	4190	-40
Jind	B.T. Cotton	4230	4309	-79
Uchana	B.T. Cotton	4200	4270	-70
Rawatsar	B.T. Cotton	Closed	4100	-
Hubli	B.T. Cotton	4190	4259	-69
Hathras	B.T. Cotton(US)	4400	4400	Unch
Hanumangarh	B.T. Cotton	4235	4200	35
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Ahmedabad	Shankar-6	4175	4200	-25
Gondal	Shankar-6	4175	4185	-10
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Hathras	Desi	3700	3700	Unch
Bijapur	Bunny	4059	4091	-32
Hubli	D.C.H.	5169	5229	-60
Raichur	H-44 Cotton	4100	4100	Unch
Guntur	Un-Ginned	3925	NA	-
Kurnool	Un-Ginned	4250	NA	-
Krishna	Un-Ginned	4050	NA	-
East Godavari	Un-Ginned	4000	4000	Unch
	<b>Lint</b>	<b>Rs./Maund (of 37.32kg each)</b>		
Abohar	J-34	3450	3440	10
Muktsar	J-34	NA	NA	-
Fazilika	J-34	3430	3435	-5
Bhatinda	J-34	3460	3455	5
Mansa	J-34	Closed	3435	-
Sirsa	J-34	3360	3365	-5
Sri-Ganganagar	J-34	3149	3159	-10

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		13-Jan-15	12-Jan-15	
Amravati	Mech-1	12200	11500	700
Khandwa	Mech-1	NA	800	-
Khargaon	Mech-1	NA	7000	-
Mahesana(Kadi)	B.T. Cotton	10000	15000	-5000
Rajkot	B.T. Cotton	3900	4650	-750
Patan	B.T. Cotton	1740	16325	-14585
Deesa	B.T. Cotton	2000	2175	-175
Fazilika	B.T. Cotton	700	700	Unch
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	1000	1000	Unch
Adampur	B.T. Cotton	510	510	Unch
Fatehabad	B.T. Cotton	800	600	200
Dabwali	B.T. Cotton	500	1105	-605
Jind	B.T. Cotton	340	1105	-765
Uchana	B.T. Cotton	2115	1500	615
Rawatsar	B.T. Cotton	NA	100	-
Hubli	B.T. Cotton	22	132	-110
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	300	1000	-700
Ahmedabad	Shankar-6	59500	68000	-8500
Gondal	Shankar-6	2325	2524	-199
Hathras	Desi	NA	20	-
Bijapur	Bunny	2206	2726	-520
Hubli	D.C.H.	60	154	-94
Raichur	H-44 Cotton	1522	3487	-1965
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	18	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	340	680	-340
Bhatinda	J-34	15300	20400	-5100
Mansa	J-34	Closed	425	-
Sirsa	J-34	1360	1360	Unch
Sri-Ganganagar	J-34	4250	5100	-850

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				12-Jan-15	10-Jan-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	31800	-	-
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	32300	32300	Unch
J-34(202)	26mm	3.5 - 4.9	23	31400	31300	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31100	31300	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	31700	31600	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33000	33000	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34000	34000	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	44600	44600	Unch

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 13/1/2015**

Index	RMB/Ton	Change
CCIndex(328)	13590	-11
CCIndex(527)	12621	-40
CCIndex(229)	14305	-1

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

**Cotlook Index: As on 12/1/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	68.65	0.20

**USDA Cotton Spot Rates: As on 12/1/2015**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.98	60.23	67
North Delta	61.98	59.23	NIL
South Delta	61.98	59.23	NIL
East TX-OK	57.50	56.50	4014
West Texas	57.00	57.00	11040
Desert SW	64.98	57.98	NIL
SJ Valley	68.63	58.73	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 12/1/2015

Contract	Open	High	Low	Close	Change
<b>Mar-15</b>	60.70	60.75	60	60	<b>-1</b>
<b>May-15</b>	61.33	61.34	60.17	60.42	<b>-0.93</b>
<b>Jul-15</b>	62.14	62.14	61.15	61	<b>-0.87</b>
<b>Oct-15</b>	62.28	62.28	62.28	62.28	<b>-0.96</b>
<b>Dec-15</b>	64.4	64.4	63.3	63.48	<b>-0.97</b>
<b>Mar-16</b>	64.53	64.53	64.53	64.53	<b>-0.97</b>

Pakistan Cotton Spot rates: As on 12/1/2015 (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

**Disclaimer**

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2015 Indian Agribusiness Systems Pvt. Ltd.