

## Domestic Fundamentals:

**Market Outlook:** Cotton market noticed mostly steady tone on Wednesday.

**In The News:** According to Indian Cotton Federation (ICF), cotton output in India in the current season would stand around 406 lakh bales, same what was estimated earlier in November last year. Gujarat is likely to contribute 120 lakh bales while Maharashtra will produce 90 lakh bales and 45 lakh bales and 33 lakh bales are expected to be produced by Telangana and Karnataka respectively.

India is likely to export 1.023 million tonnes of cotton this season, around 49.2% lower when compared to exports of previous season, which stood 2.015 million tonnes, according to USDA.

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.

### 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	4.5	771	777	770	776	2628	-1555	17662	-352

Spread	Apr-15
Spot	49

Updated at 5:00 pm on 14-01-2015

(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	-40	15230	15300	15190	15210	569	-4	5446	-77
Feb-15	-30	15420	15480	15380	15400	228	-101	3766	-15
Mar-15	-20	15640	15670	15570	15590	222	122	2946	38
Apr-15	10	15840	15860	15780	15780	94	68	1120	-62
May-15		0	0	0	0	1	1	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					15780	
May-15						

Updated at 5:00 pm on 14-01-2015

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

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

Centre	Variety	Prices		Change
		14-Jan-15	13-Jan-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	3950	3965	-15
Khandwa	Mech-1	4050	NA	-
Khargaon	Mech-1	4050	NA	-
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Mahesana(Kadi)	B.T. Cotton	Closed	4250	-
Rajkot	B.T. Cotton	Closed	4125	-
Patan	B.T. Cotton	Closed	4170	-
Deesa	B.T. Cotton	Closed	4075	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	4310	4320	-10
Bhiwani	B.T. Cotton	4300	4300	Unch
Adampur	B.T. Cotton	4230	4270	-40
Fatehabad	B.T. Cotton	4400	4225	175
Dabwali	B.T. Cotton	Closed	4150	-
Jind	B.T. Cotton	Closed	4230	-
Uchana	B.T. Cotton	4200	4200	Unch
Rawatsar	B.T. Cotton	Closed	Closed	-
Hubli	B.T. Cotton	4169	4190	-21
Hathras	B.T. Cotton(US)	4400	4400	Unch
Hanumangarh	B.T. Cotton	4200	4235	-35
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Ahmedabad	Shankar-6	Closed	4175	-
Gondal	Shankar-6	NA	4175	-
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Hathras	Desi	3700	3700	Unch
Bijapur	Bunny	4070	4059	11
Hubli	D.C.H.	NA	5169	-
Raichur	H-44 Cotton	NA	4100	-
Guntur	Un-Ginned	NA	3925	-
Kurnool	Un-Ginned	4250	4250	Unch
Krishna	Un-Ginned	NA	4050	-
East Godavari	Un-Ginned	NA	4000	-
	<b>Lint</b>	<b>Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	3440	3450	-10
Muktsar	J-34	NA	NA	-
Fazilika	J-34	3425	3430	-5
Bhatinda	J-34	3440	3460	-20
Mansa	J-34	Closed	Closed	-
Sirsa	J-34	3360	3360	Unch
Sri-Ganganagar	J-34	3149	3149	Unch

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		14-Jan-15	13-Jan-15	
Amravati	Mech-1	12600	12200	400
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	Closed	10000	-
Rajkot	B.T. Cotton	Closed	3900	-
Patan	B.T. Cotton	Closed	1740	-
Deesa	B.T. Cotton	Closed	2000	-
Fazilika	B.T. Cotton	600	700	-100
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	1500	1000	500
Adampur	B.T. Cotton	510	510	Unch
Fatehabad	B.T. Cotton	350	800	-450
Dabwali	B.T. Cotton	Closed	500	-
Jind	B.T. Cotton	Closed	340	-
Uchana	B.T. Cotton	NA	2115	-
Rawatsar	B.T. Cotton	NA	NA	-
Hubli	B.T. Cotton	98	22	76
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	200	300	-100
Ahmedabad	Shankar-6	NA	59500	-
Gondal	Shankar-6	NA	2325	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	740	2206	-1466
Hubli	D.C.H.	NA	60	-
Raichur	H-44 Cotton	NA	1522	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	18	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	85	340	-255
Bhatinda	J-34	NA	15300	-
Mansa	J-34	NA	Closed	-
Sirsa	J-34	340	1360	-1020
Sri-Ganganagar	J-34	3400	4250	-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 13/1/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	67.65	-1

**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
Mar-15	60	60	59.54	60.15	0.42
May-15	60	61	60	60.89	Unch
Jul-15	61.38	61.91	61.17	61.88	Unch
Oct-15	62.73	63	62.73	62.73	Unch
Dec-15	63.48	63.93	63.48	63.90	0.42
Mar-16	64.95	64.95	64.95	64.95	Unch

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

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