

## Domestic Fundamentals:

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

**In The News:** Tamil Nadu based Southern India Mills Association (SIMA), the largest spinning mills association in India, has requested the centre to instruct Cotton Corporation of India (CCI) to commence procurement and commercial operation in the state. Since last 20 years, CCI has not executed any MSP operation as the state was among the lowest cotton producing region, but this season Tamil Nadu is likely to five lakh bales of cotton in winter and one lakh bale in continuing summer season. To sell their produce at genuine prices, state want CCI to procure cotton at MSP.

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.

### International Fundamentals:

Announcement of global growth forecast by World Bank has severely affected the cotton prices. Cotton prices touched the seven week low level yesterday as World Bank lowered global growth forecast to 3% for 2015, which was earlier projected 3.4%. As the fiber majorly goes for the consumer products, economic data affect the same remarkably.

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.

### 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 15-01-2015

(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 15-01-2015

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

### DOMESTIC PRICES AND ARRIVALS

#### Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		15-Jan-15	14-Jan-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	3950	3950	Unch
Khandwa	Mech-1	NA	4050	-
Khargaon	Mech-1	NA	4050	-
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	4110	NA	-
Patan	B.T. Cotton	4195	NA	-
Deesa	B.T. Cotton	4055	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	4310	4310	Unch
Bhiwani	B.T. Cotton	4300	4300	Unch
Adampur	B.T. Cotton	4200	4230	-30
Fatehabad	B.T. Cotton	4225	4245	-20
Dabwali	B.T. Cotton	4075	NA	-
Jind	B.T. Cotton	4268	NA	-
Uchana	B.T. Cotton	4200	4200	Unch
Rawatsar	B.T. Cotton	4075	NA	-
Hubli	B.T. Cotton	NA	4169	-
Hathras	B.T. Cotton	3700	3700	Unch
Hanumangarh	B.T. Cotton	4200	4200	Unch
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Ahmedabad	Shankar-6	4150	NA	-
Gondal	Shankar-6	4135	NA	-
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Hathras	Desi	4400	4400	Unch
Bijapur	Bunny	NA	4070	-
Hubli	D.C.H.	NA	5169	-
Raichur	H-44 Cotton	NA	NA	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	4250	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
	<b>Lint</b>	<b>Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	3440	3440	Unch
Muktsar	J-34	NA	NA	-
Fazilika	J-34	3425	3425	Unch
Bhatinda	J-34	3460	3440	20
Mansa	J-34	3420	NA	-
Sirsa	J-34	3350	3360	-10
Sri-Ganganagar	J-34	3140	3149	-9

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		15-Jan-15	14-Jan-15	
Amravati	Mech-1	12800	12600	200
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	2800	NA	-
Patan	B.T. Cotton	7126	NA	-
Deesa	B.T. Cotton	635	NA	-
Fazilika	B.T. Cotton	600	600	Unch
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	1500	1500	Unch
Adampur	B.T. Cotton	510	510	Unch
Fatehabad	B.T. Cotton	325	350	-25
Dabwali	B.T. Cotton	450	NA	-
Jind	B.T. Cotton	340	NA	-
Uchana	B.T. Cotton	NA	NA	-
Rawatsar	B.T. Cotton	100	NA	-
Hubli	B.T. Cotton	NA	98	-
Hathras	B.T. Cotto	NA	NA	-
Hanumangarh	B.T. Cotton	1000	200	800
Ahmedabad	Shankar-6	34000	NA	-
Gondal	Shankar-6	1443	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	740	-
Hubli	D.C.H.	NA	60	-
Raichur	H-44 Cotton	NA	NA	-
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	85	255
Bhatinda	J-34	12750	NA	-
Mansa	J-34	340	NA	-
Sirsa	J-34	1360	340	1020
Sri-Ganganagar	J-34	4250	3400	850

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength / GPT	Rs. Per Candy	Rs. Per Candy	Change
				14-Jan-15	13-Jan-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	31800	31800	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	32300	32300	Unch
J-34(202)	26mm	3.5 - 4.9	23	31400	31400	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31000	31100	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	31700	31700	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	32900	33000	-100
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 15/1/2015**

Index	RMB/Ton	Change
CCIndex(328)	13570	-15
CCIndex(527)	12585	-35
CCIndex(229)	14296	-7

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

**Cotlook Index: As on 14/1/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	68.10	0.45

**USDA Cotton Spot Rates: As on 14/1/2015**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.23	59.48	2338
North Delta	61.23	58.48	NIL
South Delta	61.23	58.48	1232
East TX-OK	57.75	56.75	3064
West Texas	57.25	57.25	12581
Desert SW	64.23	57.23	NIL
SJ Valley	67.88	57.98	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 14/1/2015

Contract	Open	High	Low	Close	Change
<b>Mar-15</b>	60.05	60.05	58.66	58.98	<b>-1.17</b>
<b>May-15</b>	60.80	60.80	59.51	59.83	<b>-1.06</b>
<b>Jul-15</b>	61.64	61.67	60.51	60.87	<b>-1.01</b>
<b>Oct-15</b>	61.73	61.73	61.73	61.73	<b>-1.00</b>
<b>Dec-15</b>	63.69	63.89	62.75	63.01	<b>-0.89</b>
<b>Mar-16</b>	64.87	64.87	63.80	64.13	<b>-0.82</b>

Pakistan Cotton Spot rates: As on 14/1/2015 (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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