

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone on Friday.

In The News: Cotton Corporation of India (CCI) is likely to commence the sale of cotton from next week, which it procured from various centers across the country at MSP. CCI has procured around 44 lakh bales of cotton till date and according to the officials it should exceed procurement of 60 lakh bales worth Rs. 12000 crore by March this year. It should be noted that the procurement target of 60 lakh bales is highest since 2008-09 when the corporation procured around 90 lakh bales. CCI will sell the cotton as per the market demand. Although the basic arrangements for sale have been made, the final decision on the same would be taken after January 20.

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 Corporation of India (CCI), has procured 44 lakh bales (of 170 kg each) of cotton at MSP, till date 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.

International Fundamentals:

United state department of agriculture (USDA) has given its final approval to herbicide-tolerant GMO crops (Cotton and Soybean) to be used with new herbicide, developed by Monsanto Co. According to Monsanto the same combination of crop and herbicide will help growers to control weed invasion in crop field that will ultimately boost the yield. Although Monsanto got approval from USDA, it still needs final approval from Environmental Protection Agency for the herbicide it has developed to be used by crops.

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.

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	-7.5	772.5	773	764	765.5	4503	1875	16876	-786

Spread	Apr-15		
Spot	57.5		

Updated at 5:00 pm on 16-01-2015

(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	-190	15090	15100	14920	14940	987	418	5227	-219
Feb-15	-170	15250	15260	15120	15120	704	476	3830	64
Mar-15	-150	15450	15450	15300	15310	394	172	3237	291
Apr-15	-160	15620	15620	15480	15490	532	438	1179	59
May-15	-180	15790	15810	15640	15660	41	40	85	-4

Spread	Jan-15	Feb-15	Mar-15	Apr-15	May-15	--
Spot	--					
Jan-15		-180				
Feb-15			-190			
Mar-15				-180		
Apr-15					-170	
May-15						--

Updated at 5:00 pm on 16-01-2015

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

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		16-Jan-15	15-Jan-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	3940	3950	-10
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas	(Rs./Qtl)		
Mahesana(Kadi)	B.T. Cotton	4175	NA	-
Rajkot	B.T. Cotton	4115	4110	5
Patan	B.T. Cotton	4160	4195	-35
Deesa	B.T. Cotton	4085	4055	30
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	4330	4310	20
Bhiwani	B.T. Cotton	4250	4300	-50
Adampur	B.T. Cotton	4140	4200	-60
Fatehabad	B.T. Cotton	4175	4225	-50
Dabwali	B.T. Cotton	4090	4075	15
Jind	B.T. Cotton	4200	4268	-68
Uchana	B.T. Cotton	4180	4200	-20
Rawatsar	B.T. Cotton	4080	4075	5
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton	3800	3700	100
Hanumangarh	B.T. Cotton	4200	4200	Unch
	Kapas	(Rs./Qtl)		
Ahmedabad	Shankar-6	4125	4150	-25
Gondal	Shankar-6	4350	4135	215
	Kapas	(Rs./Qtl)		
Hathras	Desi	4600	4400	200
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	NA	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	4250	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3415	3440	-25
Muktsar	J-34	NA	NA	-
Fazilika	J-34	4330	3425	905
Bhatinda	J-34	3450	3460	-10
Mansa	J-34	3400	3420	-20
Sirsa	J-34	3320	3350	-30
Sri-Ganganagar	J-34	3121	3140	-19

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		16-Jan-15	15-Jan-15	
Amravati	Mech-1	13400	12800	600
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	12500	NA	-
Rajkot	B.T. Cotton	4000	2800	1200
Patan	B.T. Cotton	14050	7126	6924
Deesa	B.T. Cotton	1800	635	1165
Fazilika	B.T. Cotton	600	600	Unch
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	3000	1500	1500
Adampur	B.T. Cotton	510	510	Unch
Fatehabad	B.T. Cotton	750	325	425
Dabwali	B.T. Cotton	700	450	250
Jind	B.T. Cotton	1190	340	850
Uchana	B.T. Cotton	3000	NA	-
Rawatsar	B.T. Cotton	200	100	100
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotto	30	NA	-
Hanumangarh	B.T. Cotton	3000	1000	2000
Ahmedabad	Shankar-6	68000	34000	34000
Gondal	Shankar-6	2019	1443	576
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
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	680	340	340
Bhatinda	J-34	13600	12750	850
Mansa	J-34	510	340	170
Sirsa	J-34	1190	1360	-170
Sri-Ganganagar	J-34	5100	4250	850

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength / GPT	Rs. Per Candy	Rs. Per Candy	Change
				15-Jan-15	14-Jan-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	30800	31800	-1000
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	31300	32300	-1000
J-34(202)	26mm	3.5 - 4.9	23	31300	31400	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	30700	31000	-300
Shankar-6(105)	29mm	3.5 - 4.9	28	31400	31700	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	32600	32900	-300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	33700	34000	-300
DCH-32(107)	34mm	3.0 - 3.8	33	44100	44600	-500

Cotton Seed Oil Prices
Refined Cotton Seed Oil at Key Centers:

Centre	Unit	Price		Change
		15-Jan-15	14-Jan-15	
Rajkot	Rs. /10 kg.	580	585	-5
New Delhi	Rs. /10 kg.	-	-	-
Hyderabad	Rs. /10 kg.	615	Closed	-

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 16/1/2015

Index	RMB/Ton	Change
CCIndex(328)	13565	-5
CCIndex(527)	12576	-9
CCIndex(229)	14288	-8

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

Cotlook Index: As on 15/1/2015

Cotlook Indices	Cents/Pound	Change
A-Index	67.10	-1.00

USDA Cotton Spot Rates: As on 15/1/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.74	59.99	NIL
North Delta	61.74	58.99	NIL
South Delta	61.74	58.99	NIL
East TX-OK	58.25	57.25	2938
West Texas	57.75	57.75	10403

Desert SW	64.74	57.74	NIL
SJ Valley	68.39	58.49	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 15/1/2015

Contract	Open	High	Low	Close	Change
Mar-15	59.05	60.27	58.84	59.49	0.51
May-15	59.92	60.94	59.69	60.27	0.44
Jul-15	60.85	61.84	60.74	61.25	0.38
Oct-15	62.18	62.18	62.18	62.18	0.45
Dec-15	62.99	64.00	62.91	63.42	0.41
Mar-16	64.13	64.83	64.13	64.60	0.47

Pakistan Cotton Spot rates: As on 15/1/2015 (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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