

Domestic Fundamentals:

Market Outlook: Cotton market noticed mostly weak tone on Saturday.

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
		17-Jan-15	16-Jan-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	3900	3940	-40
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas	(Rs./Qtl)		
Mahesana(Kadi)	B.T. Cotton	4225	4175	50
Rajkot	B.T. Cotton	4055	4115	-60
Patan	B.T. Cotton	4135	4160	-25
Deesa	B.T. Cotton	4050	4085	-35
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	4330	-
Bhiwani	B.T. Cotton	4150	4250	-100
Adampur	B.T. Cotton	4100	4140	-40
Fatehabad	B.T. Cotton	4150	4175	-25
Dabwali	B.T. Cotton	4080	4090	-10
Jind	B.T. Cotton	4220	4200	20
Uchana	B.T. Cotton	4110	4180	-70
Rawatsar	B.T. Cotton	3975	4080	-105
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton	-	3800	-
Hanumangarh	B.T. Cotton	4150	4200	-50
	Kapas	(Rs./Qtl)		
Ahmedabad	Shankar-6	4100	4125	-25
Gondal	Shankar-6	4225	4350	-125
	Kapas	(Rs./Qtl)		
Hathras	Desi	-	4600	-
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	4250	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3420	3415	5
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	4330	-
Bhatinda	J-34	3395	3450	-55
Mansa	J-34	3390	3400	-10
Sirsa	J-34	3290	3320	-30
Sri-Ganganagar	J-34	3121	3121	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		17-Jan-15	16-Jan-15	
Amravati	Mech-1	15000	13400	1600
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	15000	12500	2500
Rajkot	B.T. Cotton	4600	4000	600
Patan	B.T. Cotton	12500	14050	-1550
Deesa	B.T. Cotton	1250	1800	-550
Fazilika	B.T. Cotton	NA	600	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	2000	3000	-1000
Adampur	B.T. Cotton	510	510	Unch
Fatehabad	B.T. Cotton	100	750	-650
Dabwali	B.T. Cotton	800	700	100
Jind	B.T. Cotton	1020	1190	-170
Uchana	B.T. Cotton	2000	3000	-1000
Rawatsar	B.T. Cotton	NA	200	-
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotto	-	30	-
Hanumangarh	B.T. Cotton	400	3000	-2600
Ahmedabad	Shankar-6	68000	68000	Unch
Gondal	Shankar-6	2204	2019	185
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	340	680	-340
Bhatinda	J-34	15300	13600	1700
Mansa	J-34	425	510	-85
Sirsa	J-34	1700	1190	510
Sri-Ganganagar	J-34	5100	5100	Unch

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength / GPT	Rs. Per Candy	Rs. Per Candy	Change
				16-Jan-15	15-Jan-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	30800	30800	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	31300	31300	Unch
J-34(202)	26mm	3.5 - 4.9	23	31300	31300	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	30500	30700	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	31100	31400	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	32400	32600	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	33500	33700	-200
DCH-32(107)	34mm	3.0 - 3.8	33	44100	44100	Unch

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

Centre	Unit	Price		Change
		17-Jan-15	16-Jan-15	
Rajkot	Rs. /10 kg.	580	580	Unch
New Delhi	Rs. /10 kg.	-	-	-
Hyderabad	Rs. /10 kg.	615	615	Unch

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 16/1/2015

Cotlook Indices	Cents/Pound	Change
A-Index	67.50	0.40

USDA Cotton Spot Rates: As on 16/1/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.48	59.73	230
North Delta	61.48	58.73	NIL
South Delta	61.48	58.73	NIL
East TX-OK	57.75	56.75	1075

West Texas	57.25	57.25	3750
Desert SW	64.48	57.48	NIL
SJ Valley	68.13	58.23	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 16/1/2015

Contract	Open	High	Low	Close	Change
Mar-15	59.41	59.85	59.16	59.23	-0.26
May-15	60.25	60.52	59.86	60.02	-0.25
Jul-15	61.34	61.45	60.74	60.91	-0.34
Oct-15	61.84	61.84	61.84	61.84	-0.34
Dec-15	63.62	63.69	62.79	63.04	-0.38
Mar-16	64.30	64.55	64.14	64.14	-0.46

Pakistan Cotton Spot rates: As on 16/1/2015 (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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