

Domestic Fundamentals:

Market Outlook: Cotton market noticed weak tone on Monday.

In The News: Cotton prices in India are likely to witness downtrend following the China's restrictive import policy, which would lead to higher availability of fiber in country and ultimately the weaker prices.

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:

China cotton import during December noted a fall of 57 percent, when compared to corresponding month during the previous year. China imported 264,500 tons of cotton in December and 2.4 million tons during the year 2014, around 41 percent lower when compared to previous year.

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.

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	-6.5	760	760	747	757	7695	3192	15180	-1696

Spread	Apr-15
Spot	43

Updated at 5:00 pm on 19-01-2015

(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	-170	14880	14890	14550	14730	1704	717	4769	-458
Feb-15	-130	15040	15040	14750	14950	2093	1389	3694	-136
Mar-15	-100	15200	15200	14930	15160	849	455	3282	45
Apr-15	-90	15300	15360	15140	15360	307	-225	1308	129
May-15	-140	15380	15530	15340	15500	37	-4	87	2

Spread	Jan-15	Feb-15	Mar-15	Apr-15	May-15	--
Spot	--					
Jan-15		-220				
Feb-15			-210			
Mar-15				-200		
Apr-15					-140	
May-15						--

Updated at 5:00 pm on 19-01-2015

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

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		19-Jan-15	17-Jan-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	3900	3900	Unch
Khandwa	Mech-1	4050	Closed	-
Khargaon	Mech-1	4050	Closed	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4100	4200	-100
Rajkot	B.T. Cotton	4000	4055	-55
Patan	B.T. Cotton	4110	4135	-25
Deesa	B.T. Cotton	3965	4050	-85
Muktsar	B.T. Cotton	4100	NA	-
Fazilika	B.T. Cotton	-	-	-
Bhiwani	B.T. Cotton	4100	4150	-50
Adampur	B.T. Cotton	4060	4100	-40
Fatehabad	B.T. Cotton	4100	4150	-50
Dabwali	B.T. Cotton	3955	4080	-125
Jind	B.T. Cotton	4080	4220	-140
Uchana (Jind)	B.T. Cotton	4050	4110	-60
Rawatsar (Hanumangarh)	B.T. Cotton	3940	3975	-35
Hubli	B.T. Cotton	4057	NA	-
Hathras	B.T. Cotton(US)	-	-	-
Hanumangarh	B.T. Cotton	4050	4150	-100
	Kapas			
Ahmedabad	Shankar-6	4050	4100	-50
Gondal	Shankar-6	4000	4225	-225
	Kapas			
Hathras	Desi	-	-	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	4559	NA	-
Raichur	H-44 Cotton	4100	NA	-
Guntur	Un-Ginned	4500	NA	-
Kurnool	Un-Ginned	4250	NA	-
Krishna	Un-Ginned	4050	NA	-
East Godavari	Un-Ginned	4000	NA	-
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3340	3420	-80
Muktsar	J-34	3420	NA	-
Fazilika	J-34	-	-	-
Bhatinda	J-34	3360	3395	-35
Mansa	J-34	3340	3390	-50
Sirsa	J-34	3250	3290	-40
Sri-Ganganagar	J-34	3159	3121	38

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		19-Jan-15	17-Jan-15	
Amravati	Mech-1	14600	15000	-400
Khandwa	Mech-1	2000	Closed	-
Khargaone	Mech-1	8000	Closed	-
Mahesana(Kadi)	B.T. Cotton	12500	15000	-2500
Rajkot	B.T. Cotton	6050	4600	1450
Patan	B.T. Cotton	13610	12500	1110
Deesa	B.T. Cotton	2275	1250	1025
Fazilika	B.T. Cotton	-	-	-
Muktsar	B.T. Cotton	170	NA	-
Bhiwani	B.T. Cotton	1000	2000	-1000
Adampur	B.T. Cotton	425	510	-85
Fatehabad	B.T. Cotton	600	100	500
Dabwali	B.T. Cotton	750	800	-50
Jind	B.T. Cotton	510	1020	-510
Uchana (Jind)	B.T. Cotton	2000	2000	Unch
Rawatsar (Hanumangarh)	B.T. Cotton	100	NA	-
Hubli	B.T. Cotton	106	NA	-
Hathras	B.T. Cotton(US)	-	-	-
Hanumangarh	B.T. Cotton	4000	400	3600
Ahmedabad	Shankar-6	85000	68000	17000
Gondal	Shankar-6	2820	2204	616
Hathras	Desi	-	-	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	64	NA	-
Raichur	H-44 Cotton	2775	NA	-
Guntur	Un-Ginned	1	NA	-
Kurnool	Un-Ginned	16	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	1020	340	680
Bhatinda	J-34	15300	15300	Unch
Mansa	J-34	1020	425	595
Sirsa	J-34	1700	1700	Unch
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
				17-Jan-15	16-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	30800	31300	-500
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	30400	30500	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	31000	31100	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	32300	32400	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	33500	33500	Unch
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
		19-Jan-15	17-Jan-15	
Rajkot	Rs. /10 Kg.	575	580	-5
New Delhi	Rs. /10 Kg.	-	595	-
Hyderabad	Rs. /10 Kg.	610	615	-5
Mumbai	Rs. /10 Kg.	600	600	Unch

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

Centre	Unit	Price		Change
		19-Jan-15	17-Jan-15	
Mahesana (Kadi)	Rs./Qtl	1489	Closed	-
Akola	Rs./Qtl	1430	Closed	-

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 19/1/2015

Index	RMB/Ton	Change
CCIndex(328)	13532	-33
CCIndex(527)	12569	-7
CCIndex(229)	14271	-17

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	59.73	62.48	230
North Delta	58.73	61.48	NIL
South Delta	58.73	61.48	NIL
East TX-OK	56.75	57.75	1075
West Texas	57.25	57.25	3750
Desert SW	57.48	64.48	NIL
SJ Valley	58.23	68.13	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 17/1/2015 (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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