

Domestic Fundamentals:

Market Outlook: Cotton market noticed weak tone.

In The News:

Cotton Traded at Five-Year Low on Chinese data. The China's economy, world's largest cotton importer, grew 7.4 per cent last year, the slowest growth rate in nearly a quarter of a century. In addition, the lower forecasts of demand for apparel and products made with the fiber weigh on prices

CCI Procured 4.82 million bales, half way through the target of 10 million bales. The Cotton Corporation of India has purchased 4.82 million bales (170 kg each) from areas wherever prices have fallen below minimum support price. The corporation set a record procurement target of 10 million bales cotton in this season. This year's crop is estimated around 40 million bales. Earlier, the highest procurement of 8.9 million bales reported in 2008-09.

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.

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.

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	-5.5	753.5	757	749	752	4540	-656	15809	456

Spread	Apr-15
Spot	43

Updated at 5:00 pm on 21-01-2015

(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	-140	14590	14590	14450	14480	1285	432	3811	-665
Feb-15	-140	14810	14810	14660	14700	1177	173	3746	109
Mar-15	-160	15020	15020	14870	14910	627	170	3348	61
Apr-15	-130	15190	15230	15100	15150	182	36	1542	212
May-15	-120	15370	15370	15370	15370	1	-9	126	28

Spread	Jan-15	Feb-15	Mar-15	Apr-15	May-15	--
Spot						
Jan-15		-220				
Feb-15			-210			
Mar-15				-240		
Apr-15					-220	
May-15						--

Updated at 5:00 pm on 21-01-2015

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

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		21-Jan-15	20-Jan-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	3840	Closed	-
Khandwa	Mech-1	-	Closed	-
Khargaon	Mech-1	-	Closed	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4100	4200	-100
Rajkot	B.T. Cotton	NA	3975	-
Patan	B.T. Cotton	4075	4060	15
Deesa	B.T. Cotton	3950	3980	-30
Muktsar	B.T. Cotton	NA	4100	-
Fazilika	B.T. Cotton	4220	-	-
Bhiwani	B.T. Cotton	4125	4125	Unch
Adampur	B.T. Cotton	4040	4020	20
Fatehabad	B.T. Cotton	4070	4075	-5
Dabwali	B.T. Cotton	NA	3955	-
Jind	B.T. Cotton	NA	4165	-
Uchana (Jind)	B.T. Cotton	NA	4050	-
Rawatsar (Hanumangarh)	B.T. Cotton	NA	Closed	-
Hubli	B.T. Cotton	4073	NA	-
Hathras	B.T. Cotton(US)	4200	-	-
Hanumangarh	B.T. Cotton	NA	Closed	-
	Kapas			
Ahmedabad	Shankar-6	4100	-	-
Gondal	Shankar-6	4000	4000	Unch
	Kapas			
Hathras	Desi	4700	-	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	4341	NA	-
Raichur	H-44 Cotton	4025	NA	-
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4250	4250	Unch
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	4000	NA	-
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3300	3300	Unch
Muktsar	J-34	3310	3325	-15
Fazilika	J-34	3435	-	-
Bhatinda	J-34	3350	-	-
Mansa	J-34	3300	3300	Unch
Sirsa	J-34	3250	3230	20
Sri-Ganganagar	J-34	3055	3055	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		21-Jan-15	20-Jan-15	
Amravati	Mech-1	12800	Closed	-
Khandwa	Mech-1	-	Closed	-
Khargaone	Mech-1	-	Closed	-
Mahesana(Kadi)	B.T. Cotton	25000	15000	10000
Rajkot	B.T. Cotton	NA	5900	-
Patan	B.T. Cotton	9925	13157	-3232
Deesa	B.T. Cotton	1250	275	975
Fazilika	B.T. Cotton	600	-	-
Muktsar	B.T. Cotton	NA	170	-
Bhiwani	B.T. Cotton	2000	2000	Unch
Adampur	B.T. Cotton	NA	425	-
Fatehabad	B.T. Cotton	70	800	-730
Dabwali	B.T. Cotton	NA	450	-
Jind	B.T. Cotton	NA	765	-
Uchana (Jind)	B.T. Cotton	NA	1500	-
Rawatsar (Hanumangarh)	B.T. Cotton	NA	Closed	-
Hubli	B.T. Cotton	164	NA	-
Hathras	B.T. Cotton(US)	NA	-	-
Hanumangarh	B.T. Cotton	NA	Closed	-
Ahmedabad	Shankar-6	76500	-	-
Gondal	Shankar-6	816	2439	-1623
Hathras	Desi	NA	-	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	48	NA	-
Raichur	H-44 Cotton	5002	NA	-
Guntur	Un-Ginned	1	1	Unch
Kurnool	Un-Ginned	9	17	-8
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	NA	850	-
Bhatinda	J-34	850	-	-
Mansa	J-34	340	1020	-680
Sirsa	J-34	NA	1020	-
Sri-Ganganagar	J-34	2550	5100	-2550

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				20-Jan-15	19-Jan-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	30300	30300	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	30800	30800	Unch
J-34(202)	26mm	3.5 - 4.9	23	30000	30300	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	30200	30200	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	30800	30800	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	32100	32100	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	33300	33300	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	43900	43900	Unch

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

Centre	Unit	Price		Change
		21-Jan-15	20-Jan-15	
Rajkot	Rs. /10 Kg.	565	570	-5
New Delhi	Rs. /10 Kg.	590	592	-2
Hyderabad	Rs. /10 Kg.	600	600	Unch
Mumbai	Rs. /10 Kg.	595	590	5

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

Centre	Unit	Price		Change
		21-Jan-15	20-Jan-15	
Mahesana (Kadi)	Rs./Qtl	1488	1486	2
Akola	Rs./Qtl	1421	1419	2

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 21/1/2015

Index	RMB/Ton	Change
CCIndex(328)	13496	-11
CCIndex(527)	12525	-43
CCIndex(229)	14206	-36

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

Cotlook Index: As on 20/1/2015

Cotlook Indices	Cents/Pound	Change
A-Index	67.15	-0.10

USDA Cotton Spot Rates: As on 20/1/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	58.29	61.04	NIL
North Delta	57.29	60.04	NIL
South Delta	57.29	60.04	NIL
East TX-OK	56.00	57.00	9523
West Texas	56.50	56.50	18262
Desert SW	56.04	63.04	NIL
SJ Valley	56.79	66.69	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 20/1/2015

Contract	Open	High	Low	Close	Change
Mar-15	59.20	59.39	57.77	57.79	-1.44
May-15	60.10	60.10	58.60	58.66	-1.36
Jul-15	60.89	60.95	59.55	59.61	-1.30
Oct-15	60.75	60.75	60.75	60.75	-1.09
Dec-15	63.05	63.2	61.97	62.00	-1.04
Mar-16	64.12	64.12	63.11	63.11	-1.03

Pakistan Cotton Spot rates: As on 20/1/2015 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	4850	150	5000
Equivalent	40 Kgs	5198	160	5358

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