

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone on Thursday.

In The News: Cotton Corporation of India (CCI) has procured around 4.82 million bales (of 170 kg each) of cotton this season so far. CCI is targeted to buy 10 million bales of cotton during this season with the cost of Rs. 12000 crores. If we see the procurements in previous years, it would be highest procurement, if CCI achieves the target. The highest procurement till date was recorded in 2008-09 when it was 8.9 million bales. Around Rs 9600 crores has been spent by CCI to buy cotton from the various region including Gujarat, Maharashtra and Andhra Pradesh.

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:

Cotton price plunged five year low on Tuesday following the Chinese data and revised global economic forecasts. China recorded 7.4% growth in the economy, the slowest growth rate in nearly a quarter of a century, according to National Bureau of Statistics. Also International Monetary Fund (IMF) lowered its global growth forecast for 2015 to 3.5% which was estimated 3.8% earlier. Following the wave, World Bank also reduced its forecast for global economic expansion to 3%, around 0.4% lower than the previous estimate. March contract, most active contract on ICE, settled at 57.79 cents a pound, the lowest price recorded since August 27, 2009.

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	747.5	750	740	741.5	5520	980	15146	-663

Spread	Apr-15		
Spot	48.5		

Updated at 5:00 pm on 22-01-2015

(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	-10	14320	14410	14300	14350	873	-412	3212	-599
Feb-15	-10	14520	14620	14510	14550	994	-183	3982	236
Mar-15	0	14790	14840	14730	14770	601	-26	3546	198
Apr-15	0	15020	15060	14950	14990	373	191	1812	270
May-15	-70	15180	15220	15180	15190	10	9	121	-5

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

Updated at 5:00 pm on 22-01-2015

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

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		22-Jan-15	21-Jan-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	3800	3840	-40
Khandwa	Mech-1	-	-	-
Khargaon	Mech-1	-	-	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4150	4100	50
Rajkot	B.T. Cotton	3950	NA	-
Patan	B.T. Cotton	NA	4075	-
Deesa	B.T. Cotton	4025	3950	75
Muktsar	B.T. Cotton	4150	NA	-
Fazilika	B.T. Cotton	4210	4220	-10
Bhiwani	B.T. Cotton	4150	4125	25
Adampur	B.T. Cotton	4060	4040	20
Fatehabad	B.T. Cotton	4050	4070	-20
Dabwali	B.T. Cotton	3950	NA	-
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	Closed	NA	-
Hubli	B.T. Cotton	4033	4073	-40
Hathras	B.T. Cotton(US)	4200	4200	Unch
Hanumangarh	B.T. Cotton	4100	NA	-
	Kapas			
Ahmedabad	Shankar-6	4050	4100	-50
Gondal	Shankar-6	4000	4000	Unch
	Kapas			
Hathras	Desi	4700	4700	Unch
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	4590	4341	249
Raichur	H-44 Cotton	4072	4025	47
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4250	4250	Unch
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	4000	4000	Unch
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3335	3300	35
Muktsar	J-34	3330	3310	20
Fazilika	J-34	3340	3435	-95
Bhatinda	J-34	3340	3350	-10
Mansa	J-34	3325	3300	25
Sirsa	J-34	3250	3250	Unch
Sri-Ganganagar	J-34	3046	3055	-9

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		22-Jan-15	21-Jan-15	
Amravati	Mech-1	12500	12800	-300
Khandwa	Mech-1	-	-	-
Khargaone	Mech-1	-	-	-
Mahesana(Kadi)	B.T. Cotton	15000	25000	-10000
Rajkot	B.T. Cotton	5200	NA	-
Patan	B.T. Cotton	NA	9925	-
Deesa	B.T. Cotton	1225	1250	-25
Fazilika	B.T. Cotton	500	600	-100
Muktsar	B.T. Cotton	85	NA	-
Bhiwani	B.T. Cotton	1000	2000	-1000
Adampur	B.T. Cotton	425	NA	-
Fatehabad	B.T. Cotton	100	70	30
Dabwali	B.T. Cotton	150	NA	-
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	Closed	NA	-
Hubli	B.T. Cotton	152	164	-12
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	1000	NA	-
Ahmedabad	Shankar-6	76500	76500	Unch
Gondal	Shankar-6	1557	816	741
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	74	48	26
Raichur	H-44 Cotton	3315	5002	-1687
Guntur	Un-Ginned	NA	1	-
Kurnool	Un-Ginned	85	90	-5
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	510	NA	-
Bhatinda	J-34	680	850	-170
Mansa	J-34	170	340	-170
Sirsa	J-34	340	NA	-
Sri-Ganganagar	J-34	3400	2550	850

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				21-Jan-15	20-Jan-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	30100	30300	-200
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	30600	30800	-200
J-34(202)	26mm	3.5 - 4.9	23	30600	30000	600
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	30000	30200	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	30600	30800	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	31900	32100	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	33100	33300	-200
DCH-32(107)	34mm	3.0 - 3.8	33	43700	43900	-200

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

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

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

Centre	Unit	Price		Change
		22-Jan-15	21-Jan-15	
Mahesana (Kadi)	Rs./Qtl	1487	1488	-1
Akola	Rs./Qtl	1421	1421	Unch

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 22/1/2015

Index	RMB/Ton	Change
CCIndex(328)	13485	-11
CCIndex(527)	12498	-27
CCIndex(229)	14205	-1

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

Cotlook Index: As on 21/1/2015

Cotlook Indices	Cents/Pound	Change
A-Index	65.85	-1.30

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	58.51	61.26	3918
North Delta	57.51	60.26	NIL
South Delta	57.51	60.26	NIL
East TX-OK	56.25	57.25	952
West Texas	56.75	56.75	6828
Desert SW	56.26	63.26	NIL
SJ Valley	57.01	66.91	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 21/1/2015

Contract	Open	High	Low	Close	Change
Mar-15	57.80	58.23	57.67	58.01	0.22
May-15	58.70	59.09	58.55	58.88	0.22
Jul-15	59.67	59.99	59.49	59.82	0.21
Oct-15	60.92	60.92	60.92	60.92	0.17
Dec-15	62.13	62.36	61.80	61.97	-0.03
Mar-16	63.20	63.39	63.04	63.04	-0.07

Pakistan Cotton Spot rates: As on 21/1/2015 (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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