

Domestic Fundamentals:

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

In The News: The Cotton Association of India (CAI) has revised the estimate of cotton production at 400.25 lakh bales for season 2014-15, slightly lower than previous year's production caused by yield loss in the central region of the country. According to CAI, cotton production stood 407.25 lakh bales in 2013-14. For the current season association estimated supply of 472.5 lakh bales, domestic consumption of 306 lakh bales and available surplus of 166.15 lakh bales.

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 in near term.

NCDEX Kapas Futures: (Prices in Rs/20kg)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-15	-6.5	733.5	737.5	726	726.5	5992	472	13840	-1306

Spread	Apr-15
Spot	61.5

Updated at 5:00 pm on 23-01-2015

(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	-20	14180	14240	14120	14140	1565	692	2230	-982
Feb-15	-10	14410	14450	14320	14350	1206	212	4083	101
Mar-15	-10	14580	14650	14520	14550	596	-5	3708	162
Apr-15	-30	14810	14890	14740	14770	448	75	2005	193
May-15	-30	15030	15090	14960	14960	9	-1	125	4

Spread	Jan-15	Feb-15	Mar-15	Apr-15	May-15	--
Spot	--					
Jan-15		-210				
Feb-15			-200			
Mar-15				-220		
Apr-15					-190	
May-15						

Updated at 5:00 pm on 23-01-2015

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

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		23-Jan-15	22-Jan-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	3800	3800	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4100	4150	-50
Rajkot	B.T. Cotton	3940	3950	-10
Patan	B.T. Cotton	4075	NA	-
Deesa	B.T. Cotton	4000	4025	-25
Muktsar	B.T. Cotton	4100	4150	-50
Fazilika	B.T. Cotton	4205	4210	-5
Bhiwani	B.T. Cotton	4100	4150	-50
Adampur	B.T. Cotton	4050	4060	-10
Fatehabad	B.T. Cotton	4065	4050	15
Dabwali	B.T. Cotton	3950	3950	Unch
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	Closed	Closed	-
Hubli	B.T. Cotton	4010	4033	-23
Hathras	B.T. Cotton(US)	NA	4200	-
Hanumangarh	B.T. Cotton	4050	4100	-50
	Kapas			
Ahmedabad	Shankar-6	NA	4050	-
Gondal	Shankar-6	4000	4000	Unch
	Kapas			
Hathras	Desi	NA	4700	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	4271	4590	-319
Raichur	H-44 Cotton	3900	4072	-172
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	3320	3335	-15
Muktsar	J-34	3315	3330	-15
Fazilika	J-34	3340	3340	Unch
Bhatinda	J-34	3325	3340	-15
Mansa	J-34	3315	3325	-10
Sirsa	J-34	3235	3250	-15
Sri-Ganganagar	J-34	3055	3046	9

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		23-Jan-15	22-Jan-15	
Amravati	Mech-1	12500	12500	Unch
Khandwa	Mech-1	-	-	-
Khargaone	Mech-1	-	-	-
Mahesana(Kadi)	B.T. Cotton	20000	15000	5000
Rajkot	B.T. Cotton	4600	5200	-600
Patan	B.T. Cotton	12013	NA	-
Deesa	B.T. Cotton	3050	1225	1825
Fazilika	B.T. Cotton	400	500	-100
Muktsar	B.T. Cotton	170	85	85
Bhiwani	B.T. Cotton	1000	1000	Unch
Adampur	B.T. Cotton	340	425	-85
Fatehabad	B.T. Cotton	70	100	-30
Dabwali	B.T. Cotton	250	150	100
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	Closed	Closed	-
Hubli	B.T. Cotton	22	152	-130
Hathras	B.T. Cotton(US)	--	NA	-
Hanumangarh	B.T. Cotton	1000	1000	Unch
Ahmedabad	Shankar-6	--	76500	-
Gondal	Shankar-6	1776	1557	219
Hathras	Desi	--	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	4	74	-70
Raichur	H-44 Cotton	3300	3315	-15
Guntur	Un-Ginned	1	NA	-
Kurnool	Un-Ginned	80	85	-5
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	510	510	Unch
Bhatinda	J-34	850	680	170
Mansa	J-34	170	170	Unch
Sirsa	J-34	850	340	510
Sri-Ganganagar	J-34	3400	3400	Unch

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength / GPT	Rs. Per Candy	Rs. Per Candy	Change
				22-Jan-15	21-Jan-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	30100	30100	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	30600	30600	Unch
J-34(202)	26mm	3.5 - 4.9	23	30400	30600	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	s27	29900	30000	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	30500	30600	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	31800	31900	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	33000	33100	-100
DCH-32(107)	34mm	3.0 - 3.8	33	43700	43700	Unch

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

Centre	Unit	Price		Change
		23-Jan-15	22-Jan-15	
Rajkot	Rs. /10 Kg.	555	565	-10
New Delhi	Rs. /10 Kg.	580	570	10
Hyderabad	Rs. /10 Kg.	595	600	-5
Mumbai	Rs. /10 Kg.	585	590	-5

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

Centre	Unit	Price		Change
		23-Jan-15	22-Jan-15	
Mahesana (Kadi)	Rs./Qtl	1486	1487	1
Akola	Rs./Qtl	1415	1421	-6

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 23/1/2015

Index	RMB/Ton	Change
CCIndex(328)	13472	-13
CCIndex(527)	12490	-8
CCIndex(229)	14193	-12

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

Cotlook Index: As on 22/1/2015

Cotlook Indices	Cents/Pound	Change
A-Index	66.00	0.15

USDA Cotton Spot Rates: As on 22/1/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	58.51	61.26	2198
North Delta	57.26	60.01	NIL
South Delta	57.26	60.01	NIL
East TX-OK	56.00	57.00	2367
West Texas	56.00	56.00	11238
Desert SW	56.01	63.01	NIL
SJ Valley	56.76	66.66	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 22/1/2015

Contract	Open	High	Low	Close	Change
Mar-15	58.00	58.40	57.58	57.76	-0.25
May-15	58.86	59.19	58.41	58.65	-0.23
Jul-15	59.79	60.03	59.35	59.58	-0.24
Oct-15	60.71	60.71	60.71	60.71	-0.21
Dec-15	61.84	62.11	61.57	61.71	-0.26
Mar-16	62.84	62.85	62.63	62.74	-0.30

Pakistan Cotton Spot rates: As on 22/1/2015 (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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