

Domestic Fundamentals:

Market Outlook: Cotton spot market noticed steady to firm tone on Tuesday.

In The News: Cotton future market noticed slight recovery today following the revived demand. Cotton prices in the near term could northwards as arrivals from US will diminish and India would be sourcing the cotton to major consuming nation including China.

The district administration Perambalur, Tamilnadu has urged the Cotton Corporation of India (CCI) to ensure that cotton cultivators of the district get remunerative price for their crop.

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 wants 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.

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.

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	3.5	723	728.5	716	724.5	6591	599	12667	-1173

Spread	Apr-15		
Spot	65.5	-	-

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)
Updated at 5:00 pm on 27-01-2015

MCX Cotton Futures: (Prices in Rs/170 kgs)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-15	210	14100	14260	14000	14200	1024	-541	1648	-582
Feb-15	210	14250	14470	14230	14410	1772	566	4447	364
Mar-15	220	14440	14680	14440	14620	796	200	3957	249
Apr-15	250	14660	14900	14650	14850	273	-175	2172	167
May-15	100	14900	15060	14900	15060	7	-2	123	-2

Spread	Jan-15	Feb-15	Mar-15	Apr-15	May-15	--
Spot	--					
Jan-15		-210				
Feb-15			-210			
Mar-15				-230		
Apr-15					-210	
May-15						

(NB: Spread Basis = Spot- Near Month Future)
Updated at 5:00 pm on 27-01-2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		27-Jan-15	24-Jan-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	3800	3800	Unch
Khandwa	Mech-1	--	--	-
Khargaon	Mech-1	--	--	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4100	4100	Unch
Rajkot	B.T. Cotton	4025	3925	100
Patan	B.T. Cotton	4070	Closed	-
Deesa	B.T. Cotton	3950	Closed	-
Muktsar	B.T. Cotton	4020	4050	-30
Fazilika	B.T. Cotton	4050	4200	-150
Bhiwani	B.T. Cotton	4050	4000	50
Adampur	B.T. Cotton	4020	--	-
Fatehabad	B.T. Cotton	4035	4025	10
Dabwali	B.T. Cotton	3955	3950	5
Jind	B.T. Cotton	4171	4100	71
Uchana (Jind)	B.T. Cotton	4070	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	3900	Closed	-
Hubli	B.T. Cotton	3969	NA	-
Hathras	B.T. Cotton(US)	4200	NA	-
Hanumangarh	B.T. Cotton	4030	4030	Unch
	Kapas			
Ahmedabad	Shankar-6	4050	4000	50
Gondal	Shankar-6	4000	4000	Unch
	Kapas			
Hathras	Desi	4700	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	4109	NA	-
Raichur	H-44 Cotton	4000	3825	175
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4250	4250	Unch
Krishna	Un-Ginned	NA	4050	-
East Godavari	Un-Ginned	4000	4000	Unch
	Lint	Rs./Maunder of 37.32kg each)		
Abohar	J-34	3260	3250	10
Muktsar	J-34	3195	3200	-5
Fazilika	J-34	3320	3330	-10
Bhatinda	J-34	3280	3260	20
Mansa	J-34	3250	3260	-10
Sirsa	J-34	3180	3170	10
Sri-Ganganagar	J-34	2961	3055	-94

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		27-Jan-15	24-Jan-15	
Amravati	Mech-1	13700	12200	1500
Khandwa	Mech-1	--	--	-
Khargane	Mech-1	--	--	-
Mahesana(Kadi)	B.T. Cotton	15000	16000	-1000
Rajkot	B.T. Cotton	3050	4200	-1150
Patan	B.T. Cotton	13410	Closed	-
Deesa	B.T. Cotton	1700	Closed	-
Fazilika	B.T. Cotton	500	400	100
Muktsar	B.T. Cotton	34	34	Unch
Bhiwani	B.T. Cotton	500	1500	-1000
Adampur	B.T. Cotton	425	--	-
Fatehabad	B.T. Cotton	600	200	400
Dabwali	B.T. Cotton	325	200	125
Jind	B.T. Cotton	213	17	196
Uchana (Jind)	B.T. Cotton	1500	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	200	Closed	-
Hubli	B.T. Cotton	78	NA	-
Hathras	B.T. Cotton(US)	NA	-	-
Hanumangarh	B.T. Cotton	1000	700	300
Ahmedabad	Shankar-6	60350	68000	-7650
Gondal	Shankar-6	1893	2323	-430
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	34	NA	-
Raichur	H-44 Cotton	3240	2625	615
Guntur	Un-Ginned	1	1	Unch
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	510	510	Unch
Bhatinda	J-34	10200	680	9520
Mansa	J-34	NA	510	-
Sirsa	J-34	340	340	Unch
Sri-Ganganagar	J-34	3400	1700	1700

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				24-Jan-15	23-Jan-15	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	29400	29900	-500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	29900	30400	-500
J-34(202)	26mm	3.5 - 4.9	23	29500	30000	-500
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	29400	29700	-300
Shankar-6(105)	29mm	3.5 - 4.9	28	30000	30300	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	31700	32000	-300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	32700	33000	-300
DCH-32(107)	34mm	3.0 - 3.8	33	43300	43500	-200

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

Centre	Unit	Price		Change
		27-Jan-15	24-Jan-15	
Rajkot	Rs. /10 Kg.	550	555	-5
New Delhi	Rs. /10 Kg.	570	580	-10
Hyderabad	Rs. /10 Kg.	575	585	-10
Mumbai	Rs. /10 Kg.	565	580	-15

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

Centre	Unit	Price		Change
		27-Jan-15	24-Jan-15	
Mahesana (Kadi)	Rs./Qtl	1470	Closed	-
Akola	Rs./Qtl	1400	Closed	-

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 27/1/2015

Index	RMB/Ton	Change
CCIndex(328)	13459	Unch
CCIndex(527)	12468	-18
CCIndex(229)	14172	-7

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

Cotlook Index: As on 26/1/2015

Cotlook Indices	Cents/Pound	Change
A-Index	65.30	-0.50

USDA Cotton Spot Rates: As on 26/1/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	59.37	62.62	1114
North Delta	58.12	60.87	NIL
South Delta	58.12	60.87	NIL
East TX-OK	56.75	59.00	3810
West Texas	56.87	59.00	9794
Desert SW	57.62	63.87	NIL
SJ Valley	62.62	67.52	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 26/1/2015

Contract	Open	High	Low	Close	Change
Mar-15	57.40	58.79	57.26	58.620	1.32
May-15	58.20	59.58	58.18	59.450	1.25
Jul-15	59.15	60.42	59.07	60.300	1.19
Oct-15	61.37	61.370	61.37	61.370	1.22
Dec-15	61.55	62.500	61.54	62.42	0.92
Mar-16	62.83	63.34	62.50	63.27	0.71

Pakistan Cotton Spot rates: As on 26/1/2015 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	4750	150	4900
Equivalent	40 Kgs	5091	160	5251

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2015 Indian Agribusiness Systems Pvt. Ltd.