

Domestic Fundamentals:

Market Outlook: Cotton spot market noticed mixed tone on Wednesday.

In The News: Cotton Corporation of India (CCI) has invited the bids to sell 5,100 bales of cotton through e-auction. The sale of cotton in domestic market by CCI would pressurize the cotton prices which are already ruling weak due to cut in China cotton imports. On other hand CCI is forced to sell the cotton in domestic market due to lack in overseas demand.

India exported 1.24 lakh bales of cotton this week (19-25 Jan 2015), which was 1.26 lakh bales previous week (12-18 Jan 2015), according to the data compiled by IBIS. Imports on the other hand stood 0.13 lakh bales, which was 0.09 lakh bales previous week.

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	-0.5	727.5	732.5	725	727.5	4442	-2149	12894	227

Spread	Apr-15		
Spot	72.5	-	-

(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 28-01-2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-15	80	14290	14470	14270	14360	562	-462	1211	-437
Feb-15	80	14510	14690	14480	14580	1385	-387	5009	562
Mar-15	80	14730	14890	14700	14800	418	-378	3905	-52
Apr-15	110	14940	15110	14940	15020	212	-61	2281	109
May-15	110	15220	15310	15210	15220	28	21	139	16

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

(NB: Spread Basis = Spot- Near Month Future)
Updated at 5:00 pm on 28-01-2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		28-Jan-15	27-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	4000	4025	-25
Patan	B.T. Cotton	4050	4070	-20
Deesa	B.T. Cotton	Closed	3950	-
Muktsar	B.T. Cotton	4060	4020	40
Fazilika	B.T. Cotton	4085	4050	35
Bhiwani	B.T. Cotton	4100	4050	50
Adampur	B.T. Cotton	4000	4020	-20
Fatehabad	B.T. Cotton	4050	4035	15
Dabwali	B.T. Cotton	3955	3955	Unch
Jind	B.T. Cotton	4140	4171	-31
Uchana (Jind)	B.T. Cotton	4133	4070	63
Rawatsar (Hanumangarh)	B.T. Cotton	3975	3900	75
Hubli	B.T. Cotton	3955	3969	-14
Hathras	B.T. Cotton(US)	--	4200	-
Hanumangarh	B.T. Cotton	4060	4030	30
	Kapas			
Ahmedabad	Shankar-6	--	4050	-
Gondal	Shankar-6	4000	4000	Unch
	Kapas			
Hathras	Desi	--	4700	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	4109	-
Raichur	H-44 Cotton	3900	4000	-100
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	NA	4250	-
Krishna	Un-Ginned	4050	NA	-
East Godavari	Un-Ginned	4000	4000	Unch
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3260	3260	Unch
Muktsar	J-34	3265	3195	70
Fazilika	J-34	3340	3320	20
Bhatinda	J-34	3280	3280	Unch
Mansa	J-34	3260	3250	10
Sirsa	J-34	3200	3180	20
Sri-Ganganagar	J-34	3055	2961	94

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		28-Jan-15	27-Jan-15	
Amravati	Mech-1	13500	13700	-200
Khandwa	Mech-1	--	--	-
Khargaone	Mech-1	--	--	-
Mahesana(Kadi)	B.T. Cotton	15000	15000	Unch
Rajkot	B.T. Cotton	3100	3050	50
Patan	B.T. Cotton	11967	13410	-1443
Deesa	B.T. Cotton	Closed	1700	-
Fazilika	B.T. Cotton	500	500	Unch
Muktsar	B.T. Cotton	340	34	306
Bhiwani	B.T. Cotton	1000	500	500
Adampur	B.T. Cotton	510	425	85
Fatehabad	B.T. Cotton	400	600	-200
Dabwali	B.T. Cotton	250	325	-75
Jind	B.T. Cotton	255	213	42
Uchana (Jind)	B.T. Cotton	1500	1500	Unch
Rawatsar (Hanumangarh)	B.T. Cotton	200	200	Unch
Hubli	B.T. Cotton	24	78	-54
Hathras	B.T. Cotton(US)	--	NA	-
Hanumangarh	B.T. Cotton	2000	1000	1000
Ahmedabad	Shankar-6	--	60350	-
Gondal	Shankar-6	1659	1893	-234
Hathras	Desi	--	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	34	-
Raichur	H-44 Cotton	1222	3240	-2018
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	680	510	170
Bhatinda	J-34	11900	10200	1700
Mansa	J-34	425	NA	-
Sirsa	J-34	680	340	340
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
				27-Jan-15	24-Jan-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	29400	29400	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	29900	29900	Unch
J-34(202)	26mm	3.5 - 4.9	23	29800	29500	300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	29200	29400	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	29800	30000	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	32500	31700	800
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	33500	32700	800
DCH-32(107)	34mm	3.0 - 3.8	33	42300	43300	-1000

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

Centre	Unit	Price		Change
		28-Jan-15	27-Jan-15	
Rajkot	Rs. /10 Kg.	555	550	5
New Delhi	Rs. /10 Kg.	555	570	-15
Hyderabad	Rs. /10 Kg.	570	575	-5
Mumbai	Rs. /10 Kg.	572	565	7

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

Centre	Unit	Price		Change
		28-Jan-15	27-Jan-15	
Mahesana (Kadi)	Rs./Qtl	1469	1470	-1
Akola	Rs./Qtl	1397	1400	-3

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 28/1/2015

Index	RMB/Ton	Change
CCIndex(328)	13454	-5
CCIndex(527)	12454	-14
CCIndex(229)	14167	-5

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

Cotlook Index: As on 27/1/2015

Cotlook Indices	Cents/Pound	Change
A-Index	66.50	1.20

USDA Cotton Spot Rates: As on 27/1/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	59.78	63.03	1245
North Delta	58.28	61.03	NIL
South Delta	58.28	61.03	NIL
East TX-OK	56.75	59.00	8586
West Texas	56.75	59.00	27884
Desert SW	57.03	64.03	867
SJ Valley	57.78	67.68	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 27/1/2015

Contract	Open	High	Low	Close	Change
Mar-15	58.38	58.89	58.04	58.78	0.16
May-15	59.46	59.58	58.76	59.54	0.09
Jul-15	60.14	60.44	59.60	60.40	0.10
Oct-15	61.44	61.44	61.44	61.44	0.07
Dec-15	62.40	62.52	61.87	62.47	0.05
Mar-16	62.90	63.25	62.80	63.22	-0.05

Pakistan Cotton Spot rates: As on 27/1/2015 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	4650	150	4800
Equivalent	40 Kgs	4983	160	5143

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