

## Domestic Fundamentals:

**Market Outlook:** Cotton spot market noticed mostly firm tone on Thursday.

**In The News:** India could now face the hurdle of import duty in cotton yarn export to Pakistan. Pakistan Yarn Merchants Association (PYMA) demanded government to impose 15 per cent regulatory duty on cotton yarn imports from India as it is hurting the domestic market. According to PYMA cotton yarn imports during July to December 2014 has climbed fourfold of the imports during same period in 2013. All Pakistan Textile Mills Association (APTMA) had also pointed towards the expected threat to domestic textile sector driven by rise in cotton yarn imports from India.

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.

### International Fundamentals:

Certified cotton stocks deliverable against the ICE No.2 cotton futures contract as of Jan 28 stood at 57,423 (480-lb) bales, compared to 54,401 bales previous session, reported Reuters.

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.

### Outlook

We expect domestic prices to remain weak to sideways 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 29-01-2015

#### 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 29-01-2015

**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Markets:**

Centre	Variety	Prices		Change
		29-Jan-15	28-Jan-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	3800	3800	Unch
Khandwa	Mech-1	--	--	-
Khargaon	Mech-1	--	--	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4100	4100	Unch
Rajkot	B.T. Cotton	3990	4000	-10
Patan	B.T. Cotton	4075	4050	25
Deesa	B.T. Cotton	3875	Closed	-
Muktsar	B.T. Cotton	4050	4060	-10
Fazilika	B.T. Cotton	4175	4085	90
Bhiwani	B.T. Cotton	4100	4100	Unch
Adampur	B.T. Cotton	4070	4000	70
Fatehabad	B.T. Cotton	4100	4050	50
Dabwali	B.T. Cotton	4015	3955	60
Jind	B.T. Cotton	4150	4140	10
Uchana (Jind)	B.T. Cotton	NA	4133	-
Rawatsar (Hanumangarh)	B.T. Cotton	4000	3975	25
Hubli	B.T. Cotton	NA	3955	-
Hathras	B.T. Cotton(US)	4200	--	-
Hanumangarh	B.T. Cotton	4100	4060	40
	<b>Kapas</b>			
Ahmedabad	Shankar-6	--	--	-
Gondal	Shankar-6	4000	4000	Unch
	<b>Kapas</b>			
Hathras	Desi	4700	--	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	3900	-
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4250	NA	-
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	4000	4000	Unch
	<b>Lint</b>	<b>Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	3300	3260	40
Muktsar	J-34	3280	3265	15
Fazilika	J-34	3400	3340	60
Bhatinda	J-34	3315	3280	35
Mansa	J-34	3285	3260	25
Sirsa	J-34	3230	3200	30
Sri-Ganganagar	J-34	3055	3055	Unch

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		29-Jan-15	28-Jan-15	
Amravati	Mech-1	14200	13500	700
Khandwa	Mech-1	--	--	-
Khargaone	Mech-1	--	--	-
Mahesana(Kadi)	B.T. Cotton	20000	15000	5000
Rajkot	B.T. Cotton	3150	3100	50
Patan	B.T. Cotton	9020	11967	-2947
Deesa	B.T. Cotton	700	Closed	-
Fazilika	B.T. Cotton	400	500	-100
Muktsar	B.T. Cotton	170	340	-170
Bhiwani	B.T. Cotton	500	1000	-500
Adampur	B.T. Cotton	510	510	Unch
Fatehabad	B.T. Cotton	325	400	-75
Dabwali	B.T. Cotton	275	250	25
Jind	B.T. Cotton	255	255	Unch
Uchana (Jind)	B.T. Cotton	NA	1500	-
Rawatsar (Hanumangarh)	B.T. Cotton	100	200	-100
Hubli	B.T. Cotton	NA	24	-
Hathras	B.T. Cotton(US)	NA	--	-
Hanumangarh	B.T. Cotton	1000	2000	-1000
Ahmedabad	Shankar-6	--	--	-
Gondal	Shankar-6	1556	1659	-103
Hathras	Desi	NA	--	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	1222	-
Guntur	Un-Ginned	NA	1	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	1	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	850	680	170
Bhatinda	J-34	11900	11900	Unch
Mansa	J-34	680	425	255
Sirsa	J-34	680	680	Unch
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
				28-Jan-15	27-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	30200	29800	400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	29200	29200	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	30000	29800	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	32700	32500	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	33700	33500	200
DCH-32(107)	34mm	3.0 - 3.8	33	42300	42300	Unch

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

Centre	Unit	Price		Change
		29-Jan-15	28-Jan-15	
Rajkot	Rs. /10 Kg.	555	555	Unch
New Delhi	Rs. /10 Kg.	580	555	25
Hyderabad	Rs. /10 Kg.	565	570	-5
Mumbai	Rs. /10 Kg.	572	572	Unch

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

Centre	Unit	Price		Change
		29-Jan-15	28-Jan-15	
Mahesana (Kadi)	Rs./Qtl	1478	1469	9
Akola	Rs./Qtl	1401	1397	2

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 29/1/2015**

Index	RMB/Ton	Change
CCIndex(328)	13457	3
CCIndex(527)	12451	-3
CCIndex(229)	14169	2

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

**Cotlook Index: As on 28/1/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	66.60	0.10

**USDA Cotton Spot Rates: As on 28/1/2015**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	60.44	63.69	1138
North Delta	59.19	61.94	616
South Delta	59.19	61.94	4691
East TX-OK	57.00	59.25	6930
West Texas	57.00	59.25	32094
Desert SW	57.69	64.69	25
SJ Valley	58.44	68.34	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 28/1/2015**

Contract	Open	High	Low	Close	Change
Mar-15	58.41	59.48	58.11	59.44	0.66
May-15	59.54	60.27	58.90	60.23	0.69
Jul-15	60.08	61.08	59.78	61.04	0.64
Oct-15	61.91	62.02	61.91	62.02	0.58
Dec-15	62.20	63.02	61.93	62.99	0.52
Mar-16	63.34	63.71	63.34	63.71	0.49

**Pakistan Cotton Spot rates: As on 28/1/2015 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	4700	150	4850
Equivalent	40 Kgs	5037	160	5197

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