

Domestic Fundamentals:

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

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	-15	745.5	745.5	728	730.5	7615	3173	10707	-2187

Spread	Apr-15		
Spot	79.5	-	-

(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 30-01-2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-15	-360	14520	14590	14230	14280	534	-28	689	-522
Feb-15	-250	14850	14850	14540	14620	2390	1005	4579	-430
Mar-15	-250	15010	15020	14740	14830	687	269	4121	216
Apr-15	-230	15240	15240	14980	15050	205	-7	2497	216
May-15	-240	15350	15400	15200	15200	62	34	275	136

Spread	Jan-15	Feb-15	Mar-15	Apr-15	May-15	--
Spot	--					
Jan-15		-340				
Feb-15			-210			
Mar-15				-220		
Apr-15					-150	
May-15						

(NB: Spread Basis = Spot- Near Month Future)
Updated at 5:00 pm on 30-01-2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		30-Jan-15	29-Jan-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	3825	3800	25
Khandwa	Mech-1	--	--	-
Khargaon	Mech-1	--	--	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4250	4100	150
Rajkot	B.T. Cotton	4050	3990	60
Patan	B.T. Cotton	4140	4075	65
Deesa	B.T. Cotton	3925	3875	50
Muktsar	B.T. Cotton	4050	4050	Unch
Fazilika	B.T. Cotton	4210	4175	35
Bhiwani	B.T. Cotton	4125	4100	25
Adampur	B.T. Cotton	--	4070	-
Fatehabad	B.T. Cotton	4075	4100	-25
Dabwali	B.T. Cotton	4025	4015	10
Jind	B.T. Cotton	4150	4150	Unch
Uchana (Jind)	B.T. Cotton	4100	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	4025	4000	25
Hubli	B.T. Cotton	3999	NA	-
Hathras	B.T. Cotton(US)	Closed	4200	-
Hanumangarh	B.T. Cotton	4100	4100	Unch
	Kapas			
Ahmedabad	Shankar-6	4100	--	-
Gondal	Shankar-6	4045	4000	45
	Kapas			
Hathras	Desi	Closed	4700	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	NA	-
Guntur	Un-Ginned	NA	4050	-
Kurnool	Un-Ginned	4250	4250	Unch
Krishna	Un-Ginned	NA	4050	-
East Godavari	Un-Ginned	4000	4000	Unch
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3320	3300	20
Muktsar	J-34	3320	3280	40
Fazilika	J-34	3405	3400	5
Bhatinda	J-34	3330	3315	15
Mansa	J-34	3300	3285	15
Sirsa	J-34	3260	3230	30
Sri-Ganganagar	J-34	3055	3055	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		30-Jan-15	29-Jan-15	
Amravati	Mech-1	14500	14200	300
Khandwa	Mech-1	--	--	-
Khargaone	Mech-1	--	--	-
Mahesana(Kadi)	B.T. Cotton	15000	20000	-5000
Rajkot	B.T. Cotton	2800	3150	-350
Patan	B.T. Cotton	10410	9020	1390
Deesa	B.T. Cotton	900	700	200
Fazilika	B.T. Cotton	500	400	100
Muktsar	B.T. Cotton	170	170	Unch
Bhiwani	B.T. Cotton	500	500	Unch
Adampur	B.T. Cotton	--	510	-
Fatehabad	B.T. Cotton	350	325	25
Dabwali	B.T. Cotton	325	275	50
Jind	B.T. Cotton	340	255	85
Uchana (Jind)	B.T. Cotton	2000	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	100	100	Unch
Hubli	B.T. Cotton	40	NA	-
Hathras	B.T. Cotton(US)	Closed	NA	-
Hanumangarh	B.T. Cotton	500	1000	-500
Ahmedabad	Shankar-6	59500	--	-
Gondal	Shankar-6	1209	1556	-347
Hathras	Desi	Closed	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	NA	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	1	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	680	850	-170
Bhatinda	J-34	11900	11900	Unch
Mansa	J-34	1190	680	510
Sirsa	J-34	850	680	170
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
				29-Jan-15	28-Jan-15	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	29400	29400	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	29900	29900	Unch
J-34(202)	26mm	3.5 - 4.9	23	30500	30200	300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	29400	29200	200
Shankar-6(105)	29mm	3.5 - 4.9	28	30200	30000	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	32900	32700	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	33900	33700	200
DCH-32(107)	34mm	3.0 - 3.8	33	42500	42300	200

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

Centre	Unit	Price		Change
		30-Jan-15	29-Jan-15	
Rajkot	Rs. /10 Kg.	555	555	Unch
New Delhi	Rs. /10 Kg.	580	580	Unch
Hyderabad	Rs. /10 Kg.	570	565	5
Mumbai	Rs. /10 Kg.	570	572	-2

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

Centre	Unit	Price		Change
		30-Jan-15	29-Jan-15	
Mahesana (Kadi)	Rs./Qtl	1505	1478	27
Akola	Rs./Qtl	1420	1401	19

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 30/1/2015

Index	RMB/Ton	Change
CCIndex(328)	13459	2
CCIndex(527)	12451	Unch
CCIndex(229)	14170	1

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

Cotlook Index: As on 29/1/2015

Cotlook Indices	Cents/Pound	Change
A-Index	67.30	0.70

USDA Cotton Spot Rates: As on 29/1/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	60.57	63.82	1071
North Delta	59.32	62.07	NIL
South Delta	59.32	62.07	NIL
East TX-OK	57.00	59.25	12255
West Texas	57.00	59.25	27689
Desert SW	57.57	64.57	200
SJ Valley	58.57	68.47	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 29/1/2015

Contract	Open	High	Low	Close	Change
Mar-15	59.11	59.78	59.10	59.57	0.13
May-15	59.96	60.63	59.96	60.35	0.12
Jul-15	60.78	61.49	60.78	61.29	0.25
Oct-15	62.24	62.24	62.24	62.24	0.22
Dec-15	62.96	63.34	62.80	63.13	0.14
Mar-16	63.54	63.75	63.37	63.53	-0.18

Pakistan Cotton Spot rates: As on 29/1/2015 (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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