

## Domestic Fundamentals:

**Market Outlook:** Cotton spot market noticed mixed tone on Saturday.

**In The News:** India has surpassed China's growth in readymade garments (RMG) exports. According to data by UN Comtrade, garments exports from India surged 14.6% higher to USD 14 billion during January to October 2014, China on other hand, during the same period recorded the growth of 6.5% at USD 145 billion.

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.

\*Future Market Remained Closed on 31 January 2015

#### 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
		31-Jan-15	30-Jan-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	3825	3825	Unch
Khandwa	Mech-1	Closed	--	-
Khargaon	Mech-1	Closed	--	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4100	4250	-150
Rajkot	B.T. Cotton	4000	4050	-50
Patan	B.T. Cotton	4115	4140	-25
Deesa	B.T. Cotton	3930	3925	5
Muktsar	B.T. Cotton	4100	4050	50
Fazilika	B.T. Cotton	--	4210	-
Bhiwani	B.T. Cotton	4150	4125	25
Adampur	B.T. Cotton	--	--	-
Fatehabad	B.T. Cotton	--	4075	-
Dabwali	B.T. Cotton	--	4025	-
Jind	B.T. Cotton	4160	4150	10
Uchana (Jind)	B.T. Cotton	4139	4100	39
Rawatsar (Hanumangarh)	B.T. Cotton	4000	4025	-25
Hubli	B.T. Cotton	4033	3999	34
Hathras	B.T. Cotton(US)	--	Closed	-
Hanumangarh	B.T. Cotton	4100	4100	Unch
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4075	4100	-25
Gondal	Shankar-6	4035	4045	-10
	<b>Kapas</b>			
Hathras	Desi	--	Closed	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	4259	NA	-
Raichur	H-44 Cotton	4000	NA	-
Guntur	Un-Ginned	4050	NA	-
Kurnool	Un-Ginned	4250	4250	Unch
Krishna	Un-Ginned	4050	NA	-
East Godavari	Un-Ginned	4000	4000	Unch
	<b>Lint</b>	<b>Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	3295	3320	-25
Muktsar	J-34	3300	3320	-20
Fazilika	J-34	--	3405	-
Bhatinda	J-34	3300	3330	-30
Mansa	J-34	--	3300	-
Sirsa	J-34	3240	3260	-20
Sri-Ganganagar	J-34	3055	3055	Unch

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		31-Jan-15	30-Jan-15	
Amravati	Mech-1	14900	14500	400
Khandwa	Mech-1	Closed	--	-
Khargaone	Mech-1	Closed	--	-
Mahesana(Kadi)	B.T. Cotton	20000	15000	5000
Rajkot	B.T. Cotton	2700	2800	-100
Patan	B.T. Cotton	9645	10410	-765
Deesa	B.T. Cotton	1500	900	600
Fazilika	B.T. Cotton	--	500	-
Muktsar	B.T. Cotton	340	170	170
Bhiwani	B.T. Cotton	1000	500	500
Adampur	B.T. Cotton	--	--	-
Fatehabad	B.T. Cotton	--	350	-
Dabwali	B.T. Cotton	--	325	-
Jind	B.T. Cotton	765	340	425
Uchana (Jind)	B.T. Cotton	2500	2000	500
Rawatsar (Hanumangarh)	B.T. Cotton	50	100	-50
Hubli	B.T. Cotton	244	40	204
Hathras	B.T. Cotton(US)	--	Closed	-
Hanumangarh	B.T. Cotton	400	500	-100
Ahmedabad	Shankar-6	59500	59500	Unch
Gondal	Shankar-6	1608	1209	399
Hathras	Desi	--	Closed	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	14	NA	-
Raichur	H-44 Cotton	1275	NA	-
Guntur	Un-Ginned	1	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	680	680	Unch
Bhatinda	J-34	15300	11900	3400
Mansa	J-34	--	1190	-
Sirsa	J-34	850	850	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
				30-Jan-15	29-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	30500	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	29400	29400	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	30200	30200	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	32900	32900	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	33900	33900	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	42500	42500	Unch

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

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

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

Centre	Unit	Price		Change
		31-Jan-15	30-Jan-15	
Mahesana (Kadi)	Rs./Qtl	Closed	1505	-
Akola	Rs./Qtl	Closed	1420	-

**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 30/1/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	67.30	Unch

**USDA Cotton Spot Rates: As on 30/1/2015**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	60.36	63.61	2665
North Delta	59.11	61.86	696
South Delta	59.11	61.86	NIL
East TX-OK	57.00	59.25	5775
West Texas	57.00	59.25	19671
Desert SW	57.36	64.36	1907
SJ Valley	58.36	68.26	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 30/1/2015**

Contract	Open	High	Low	Close	Change
Mar-15	59.54	59.68	59.05	59.36	-0.21
May-15	60.33	60.33	59.80	60.02	-0.33
Jul-15	61.25	61.25	60.81	60.85	-0.44
Oct-15	62.02	62.02	61.80	61.80	-0.44
Dec-15	62.80	63.00	62.70	62.79	-0.34
Mar-16	63.29	63.29	63.29	63.29	-0.24

**Pakistan Cotton Spot rates: As on 30/1/2015 (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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