

Domestic Fundamentals:

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

In The News: Genetically modified cotton that is Bt cotton has increased the income of farmers by 20% in Vidarbha and Marathwada region of Maharashtra, according to a survey conducted in these belts. More than 95 percent of cotton planted in India is Bt cotton.

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.

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	8	732	739.5	730.5	739	2644	-4971	10286	-421

Spread	Apr-15		
Spot	61	-	-

(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 02-02-2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-15	90	14600	14750	14570	14720	584	50	4533	3844
Mar-15	100	14800	14970	14770	14950	222	-2168	4135	-444
Apr-15	90	15000	15200	14870	15170	101	-586	2510	-1611
May-15	110	15270	15400	15270	15400	45	-160	295	-2202
Jun-15	-10	15540	15540	15540	15540	2	-60	29	-246

Spread	Feb-15	Mar-15	Apr-15	May-15	Jun-15	--
Spot	-					
Feb-15		-230				
Mar-15			-220			
Apr-15				-230		
May-15					-140	
Jun-15						

(NB: Spread Basis = Spot- Near Month Future)
Updated at 5:00 pm on 02-02-2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		2-Feb-15	31-Jan-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	3800	3825	-25
Khandwa	Mech-1	4050	Closed	-
Khargaon	Mech-1	4050	Closed	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4100	4100	Unch
Rajkot	B.T. Cotton	4000	4000	Unch
Patan	B.T. Cotton	4095	4115	-20
Deesa	B.T. Cotton	3905	3930	-25
Muktsar	B.T. Cotton	4040	4100	-60
Fazilika	B.T. Cotton	4150	--	-
Bhiwani	B.T. Cotton	4125	4150	-25
Adampur	B.T. Cotton	--	--	-
Fatehabad	B.T. Cotton	4065	--	-
Dabwali	B.T. Cotton	--	--	-
Jind	B.T. Cotton	4134	4160	-26
Uchana (Jind)	B.T. Cotton	4050	4139	-89
Rawatsar (Hanumangarh)	B.T. Cotton	3990	4000	-10
Hubli	B.T. Cotton	NA	4033	-
Hathras	B.T. Cotton(US)	4200	--	-
Hanumangarh	B.T. Cotton	4100	4100	Unch
	Kapas			
Ahmedabad	Shankar-6	4125	4075	50
Gondal	Shankar-6	4000	4035	-35
	Kapas			
Hathras	Desi	4700	--	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	4259	-
Raichur	H-44 Cotton	4101	4000	101
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	NA	4250	-
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	4000	4000	Unch
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3270	3295	-25
Muktsar	J-34	3270	3300	-30
Fazilika	J-34	3340	--	-
Bhatinda	J-34	3280	3300	-20
Mansa	J-34	3250	--	-
Sirsa	J-34	3210	3240	-30
Sri-Ganganagar	J-34	3055	3055	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		2-Feb-15	31-Jan-15	
Amravati	Mech-1	13800	14900	-1100
Khandwa	Mech-1	600	Closed	-
Khargaone	Mech-1	8000	Closed	-
Mahesana(Kadi)	B.T. Cotton	35000	20000	15000
Rajkot	B.T. Cotton	3950	2700	1250
Patan	B.T. Cotton	9555	9645	-90
Deesa	B.T. Cotton	550	1500	-950
Fazilika	B.T. Cotton	500	--	-
Muktsar	B.T. Cotton	170	340	-170
Bhiwani	B.T. Cotton	1000	1000	Unch
Adampur	B.T. Cotton	--	--	-
Fatehabad	B.T. Cotton	400	--	-
Dabwali	B.T. Cotton	--	--	-
Jind	B.T. Cotton	170	765	-595
Uchana (Jind)	B.T. Cotton	1600	2500	-900
Rawatsar (Hanumangarh)	B.T. Cotton	50	50	Unch
Hubli	B.T. Cotton	NA	244	-
Hathras	B.T. Cotton(US)	NA	--	-
Hanumangarh	B.T. Cotton	500	400	100
Ahmedabad	Shankar-6	76500	59500	17000
Gondal	Shankar-6	659	1608	-949
Hathras	Desi	NA	--	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	14	-
Raichur	H-44 Cotton	1890	1275	615
Guntur	Un-Ginned	1	1	Unch
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	1	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	680	680	Unch
Bhatinda	J-34	13600	15300	-1700
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
				31-Jan-15	30-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	30500	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	29300	29400	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	30100	30200	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	32800	32900	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	33800	33900	-100
DCH-32(107)	34mm	3.0 - 3.8	33	42400	42500	-100

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

Centre	Unit	Price		Change
		2-Feb-15	31-Jan-15	
Rajkot	Rs. /10 Kg.	560	565	-5
New Delhi	Rs. /10 Kg.	595	580	15
Hyderabad	Rs. /10 Kg.	575	570	5
Mumbai	Rs. /10 Kg.	578	570	8

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

Centre	Unit	Price		Change
		2-Feb-15	31-Jan-15	
Mahesana (Kadi)	Rs./Qtl	1509	Closed	-
Akola	Rs./Qtl	1442	Closed	-

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 2/2/2015

Index	RMB/Ton	Change
CCIndex(328)	13460	1
CCIndex(527)	12450	-1
CCIndex(229)	14176	6

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 31/1/2015 (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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