

Domestic Fundamentals:

Market Outlook: Cotton spot market noticed steady to firm tone on Wednesday.

In The News: World cotton acreage is expected to fall in the season 2015-16 due to the weak cotton prices ruling in all the major cotton growing regions, including India. Cotton acreage is likely to fall by 6% to 31.6 million tons in 2015-16 on the global front. Acreage in India is expected to drop by 5% to 11.6 million hectares whereas China cotton area could shrink to 3.8 million hectares, 10% down when compared to the current season. USA too is expected to notice a decrease of 10% to 3.6 million hectares. Following the situation, the global production of cotton is forecasted to decline by 6% to 24.6 million tons in 2015-16.

According to the data released by Maharashtra Department of Agriculture, around 90 lakh farmers have been affected severely by the drought this year, which has influenced mainly Marathwada and Vidarbha regions, the major cotton growing areas in the state. According to the officials, cotton output could fall by 1.5 crore quintal this year in the state.

According to the International Service for the Acquisition of Agri-Biotech Applications (ISAAA), India in year 2014 ranks fourth in the GM crop acreage in the world with the coverage of 11.6 million hectares, following US (73.1 mh), Brazil (42.2 mh) and Argentina (24.3 mh). The entire area under GM crop in India was Bt cotton as 96 percent of total cotton area is now Bt cotton, the GMO. Total area under GM crop stood 181.5 million hectares in 2014 compared to 175.2 million hectares in 2013.

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.

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.

International Fundamentals:

World cotton consumption is likely to surpass cotton production for the first time in last five seasons, said International cotton Advisory Committee (ICAC). World cotton production is expected to fall by 6% to 24.6 million tons in 2014-15, whereas consumption during the same season is likely to increase by 2% to 24.7 million tons.

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.

Outlook

We expect domestic prices to remain range bound in near term.

NCDEX Kapas Futures: (Prices in Rs/20kg)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-15	-9	758	758	746	748	5013	405	10051	-620

Spread	Apr-15		
Spot	62	-	-

(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 04-02-2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-15	-40	14930	15010	14870	14920	1417	372	4644	-11
Mar-15	-30	15150	15220	15100	15150	782	305	4198	-47
Apr-15	-50	15380	15450	15320	15360	147	22	2604	41
May-15	-30	15590	15590	15540	15580	59	38	357	57
Jun-15	--	--	--	--	--	--	-2	29	0

Spread	Feb-15	Mar-15	Apr-15	May-15	Jun-15	--
Spot	--					
Feb-15		-230				
Mar-15			-210			
Apr-15				-220		
May-15					--	
Jun-15						

(NB: Spread Basis = Spot- Near Month Future)
Updated at 5:00 pm on 04-02-2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		4-Feb-15	3-Feb-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	3850	3825	25
Khandwa	Mech-1	Closed	4050	-
Khargaon	Mech-1	Closed	4050	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4250	4200	50
Rajkot	B.T. Cotton	4050	4020	30
Patan	B.T. Cotton	4130	4105	25
Deesa	B.T. Cotton	3950	Closed	-
Muktsar	B.T. Cotton	4100	4100	Unch
Fazilika	B.T. Cotton	--	4150	-
Bhiwani	B.T. Cotton	4100	4100	Unch
Adampur	B.T. Cotton	4060	4020	40
Fatehabad	B.T. Cotton	4100	4075	25
Dabwali	B.T. Cotton	4020	3950	70
Jind	B.T. Cotton	4180	NA	-
Uchana (Jind)	B.T. Cotton	4135	4100	35
Rawatsar (Hanumangarh)	B.T. Cotton	4000	NA	-
Hubli	B.T. Cotton	NA	3910	-
Hathras	B.T. Cotton(US)	4200	--	-
Hanumangarh	B.T. Cotton	4150	4150	Unch
	Kapas			
Ahmedabad	Shankar-6	4125	4125	Unch
Gondal	Shankar-6	4035	4045	-10
	Kapas			
Hathras	Desi	4700	--	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4011	4000	11
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4250	4250	Unch
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	4000	4000	Unch
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3305	3280	25
Muktsar	J-34	3285	3265	20
Fazilika	J-34	--	3280	-
Bhatinda	J-34	3295	3290	5
Mansa	J-34	3285	3260	25
Sirsa	J-34	3250	3220	30
Sri-Ganganagar	J-34	3055	3079	-24

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		4-Feb-15	3-Feb-15	
Amravati	Mech-1	14900	14300	600
Khandwa	Mech-1	Closed	300	-
Khargaone	Mech-1	Closed	5000	-
Mahesana(Kadi)	B.T. Cotton	35000	35000	Unch
Rajkot	B.T. Cotton	3800	3200	600
Patan	B.T. Cotton	8770	7587	1183
Deesa	B.T. Cotton	1550	Closed	-
Fazilika	B.T. Cotton	--	200	-
Muktsar	B.T. Cotton	255	85	170
Bhiwani	B.T. Cotton	1000	1000	Unch
Adampur	B.T. Cotton	510	510	Unch
Fatehabad	B.T. Cotton	550	125	425
Dabwali	B.T. Cotton	300	175	125
Jind	B.T. Cotton	340	NA	-
Uchana (Jind)	B.T. Cotton	1200	500	700
Rawatsar (Hanumangarh)	B.T. Cotton	40	NA	-
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	--	-
Hanumangarh	B.T. Cotton	3000	1000	2000
Ahmedabad	Shankar-6	76500	76500	Unch
Gondal	Shankar-6	1713	776	937
Hathras	Desi	NA	--	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	1440	2010	-570
Guntur	Un-Ginned	1	1	Unch
Kurnool	Un-Ginned	NA	90	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	850	340	510
Bhatinda	J-34	10200	NA	-
Mansa	J-34	1020	850	170
Sirsa	J-34	425	NA	-
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
				3-Feb-15	2-Feb-15	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	28900	28900	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	29400	29400	Unch
J-34(202)	26mm	3.5 - 4.9	23	30200	30100	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	29700	29600	100
Shankar-6(105)	29mm	3.5 - 4.9	28	30500	30400	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33100	33000	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34100	34000	100
DCH-32(107)	34mm	3.0 - 3.8	33	42400	42400	Unch

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

Centre	Unit	Price		Change
		4-Feb-15	3-Feb-15	
Rajkot	Rs. /10 Kg.	555	570	-15
New Delhi	Rs. /10 Kg.	592	585	7
Hyderabad	Rs. /10 Kg.	580	585	-5
Mumbai	Rs. /10 Kg.	583	583	Unch

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

Centre	Unit	Price		Change
		4-Feb-15	3-Feb-15	
Mahesana (Kadi)	Rs./Qtl	1512	1514	-2
Akola	Rs./Qtl	1446	1443	3

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 4/2/2015

Index	RMB/Ton	Change
CCIndex(328)	13457	-1
CCIndex(527)	12449	-1
CCIndex(229)	14175	-1

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

Cotlook Index: As on 3/2/2015

Cotlook Indices	Cents/Pound	Change
A-Index	67.55	0.50

USDA Cotton Spot Rates: As on 3/2/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.45	65.70	10105
North Delta	61.20	63.95	2452
South Delta	61.20	63.95	9652
East TX-OK	58.25	60.50	14720
West Texas	58.25	60.50	43450
Desert SW	59.45	66.45	NIL
SJ Valley	60.45	70.35	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 3/2/2015

Contract	Open	High	Low	Close	Change
Mar-15	59.90	61.51	59.89	61.45	1.56
May-15	60.25	61.89	60.25	61.83	1.56
Jul-15	61.00	62.33	61.00	62.28	1.31
Oct-15	63.12	63.17	63.09	63.17	1.25
Dec-15	62.95	63.49	62.72	63.45	0.78
Mar-16	63.77	64.49	63.77	64.38	0.74

Pakistan Cotton Spot rates: As on 3/2/2015 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	4750	150	4900
Equivalent	40 Kgs	5091	160	5251

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