

Domestic Fundamentals:

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

In The News: Acreage of cotton in India in the coming season is likely to drop by 5% to 11.6 million hectares due to the drastically falling cotton prices in the country, said ICAC. Cotton price during January at Rajkot remained 24% lower this year when compared to the previous year during the corresponding period. Production of cotton in India, following the lower acreage would be around 6.48 million tonnes in season 2015-16 compared to production of 6.77 million tonnes this season, according to ICAC.

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 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.

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.

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	-7	744	745	735	739.5	4593	-420	9591	-460

Spread	Apr-15		
Spot	57.5	-	-

(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 05-02-2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-15	-170	14860	14860	14660	14700	969	-448	4418	-226
Mar-15	-170	15080	15080	14890	14930	566	-216	4179	-19
Apr-15	-170	15300	15300	15140	15160	169	22	2628	24
May-15	-180	15460	15470	15350	15370	38	-21	374	17
Jun-15	0	0	0	0	0	0	0	29	0

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

(NB: Spread Basis = Spot- Near Month Future)
Updated at 5:00 pm on 05-02-2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		5-Feb-15	4-Feb-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	3840	3850	-10
Khandwa	Mech-1	Closed	Closed	-
Khargaon	Mech-1	Closed	Closed	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4100	4250	-150
Rajkot	B.T. Cotton	3985	4050	-65
Patan	B.T. Cotton	4095	4130	-35
Deesa	B.T. Cotton	NA	3950	-
Muktsar	B.T. Cotton	4100	4100	Unch
Fazilika	B.T. Cotton	4190	--	-
Bhiwani	B.T. Cotton	4100	4100	Unch
Adampur	B.T. Cotton	4100	4060	40
Fatehabad	B.T. Cotton	4125	4100	25
Dabwali	B.T. Cotton	4015	4020	-5
Jind	B.T. Cotton	4220	4180	40
Uchana (Jind)	B.T. Cotton	4078	4135	-57
Rawatsar (Hanumangarh)	B.T. Cotton	4000	4000	Unch
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	4200	4200	Unch
Hanumangarh	B.T. Cotton	4050	4150	-100
	Kapas			
Ahmedabad	Shankar-6	4100	4125	-25
Gondal	Shankar-6	4045	4035	10
	Kapas			
Hathras	Desi	4600	4700	-100
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4031	4011	20
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4250	4250	Unch
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	NA	4000	-
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3315	3305	10
Muktsar	J-34	3315	3285	30
Fazilika	J-34	3280	--	-
Bhatinda	J-34	3325	3295	30
Mansa	J-34	3315	3285	30
Sirsa	J-34	3260	3250	10
Sri-Ganganagar	J-34	3055	3055	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		5-Feb-15	4-Feb-15	
Amravati	Mech-1	14400	14900	-500
Khandwa	Mech-1	Closed	Closed	-
Khargaone	Mech-1	Closed	Closed	-
Mahesana(Kadi)	B.T. Cotton	40000	35000	5000
Rajkot	B.T. Cotton	3900	3800	100
Patan	B.T. Cotton	9393	8770	623
Deesa	B.T. Cotton	NA	1550	-
Fazilika	B.T. Cotton	250	--	-
Muktsar	B.T. Cotton	170	255	-85
Bhiwani	B.T. Cotton	1000	1000	Unch
Adampur	B.T. Cotton	510	510	Unch
Fatehabad	B.T. Cotton	1000	550	450
Dabwali	B.T. Cotton	275	300	-25
Jind	B.T. Cotton	306	340	-34
Uchana (Jind)	B.T. Cotton	1500	1200	300
Rawatsar (Hanumangarh)	B.T. Cotton	250	40	210
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	3000	3000	Unch
Ahmedabad	Shankar-6	76925	76500	425
Gondal	Shankar-6	1332	1713	-381
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	2047	1440	607
Guntur	Un-Ginned	1	1	Unch
Kurnool	Un-Ginned	155	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	850	850	Unch
Bhatinda	J-34	11900	10200	1700
Mansa	J-34	850	1020	-170
Sirsa	J-34	850	425	425
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
				4-Feb-15	3-Feb-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	28900	28900	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	29400	29400	Unch
J-34(202)	26mm	3.5 - 4.9	23	30400	30200	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	29900	29700	200
Shankar-6(105)	29mm	3.5 - 4.9	28	30700	30500	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33300	33100	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34300	34100	200
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
		5-Feb-15	4-Feb-15	
Rajkot	Rs. /10 Kg.	565	555	10
New Delhi	Rs. /10 Kg.	592	592	Unch
Hyderabad	Rs. /10 Kg.	580	580	Unch
Mumbai	Rs. /10 Kg.	575	583	-8

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

Centre	Unit	Price		Change
		5-Feb-15	4-Feb-15	
Mahesana (Kadi)	Rs./Qtl	1500	1512	-12
Akola	Rs./Qtl	1438	1446	-8

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 5/2/2015

Index	RMB/Ton	Change
CCIndex(328)	13452	-5
CCIndex(527)	12449	Unch
CCIndex(229)	14173	-2

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

Cotlook Index: As on 4/2/2015

Cotlook Indices	Cents/Pound	Change
A-Index	68.90	1.35

USDA Cotton Spot Rates: As on 4/2/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.23	65.48	5391
North Delta	60.98	63.73	1359
South Delta	60.98	63.73	NIL
East TX-OK	58.00	60.25	3379
West Texas	58.00	60.25	20445
Desert SW	59.23	66.23	300
SJ Valley	60.23	70.13	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 4/2/2015

Contract	Open	High	Low	Close	Change
Mar-15	61.48	61.70	61.02	61.23	-0.22
May-15	61.50	61.98	61.19	61.42	-0.41
Jul-15	62.20	62.38	61.75	62.00	-0.28
Oct-15	63.03	63.03	62.83	62.83	-0.34
Dec-15	63.50	63.50	62.91	63.29	-0.16
Mar-16	63.95	64.26	63.83	64.26	-0.12

Pakistan Cotton Spot rates: As on 4/2/2015 (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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