

## Domestic Fundamentals:

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

**In The News:** According to the data released by IBIS, cotton export during January this year was 6.11 lakh bales compared to 30 lakh bales last year during the corresponding month. Cotton import in January was 0.5 lakh bales this year compared to 0.41 lakh bales previous year. Cumulative exports this season during the period of Oct'14-Jan'15 stood 25.6 lakh bales, around 23.8% lower when compared to the export during the same period last season, which was 33.61 lakh bales. Imports on the other hand recorded on the higher side during the initial months of the seasons. Cumulative Import for the period of Oct'14-Jan'15 remained 4.17 lakh bales which was 1.94 lakh bales in the previous season during the same period.

Cotton procurement by Cotton Corporation of India (CCI) is likely to surpass the procurement target of 60 lakh bales this season. CCI expects to purchase over 75 lakh bales this season (2014-15). CCI has also started the selling of cotton through the online and conventional methods of auctions.

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.

As revealed by 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.

### 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.

### 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	-3	744	751.5	739	741.5	2969	-1624	9566	-25

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 06-02-2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-15	30	14820	14920	14780	14830	663	-306	4475	57
Mar-15	0	15090	15160	15020	15050	276	-290	4137	-42
Apr-15	20	15320	15400	15260	15300	121	-48	2663	35
May-15	0	15540	15560	15470	15470	6	-32	373	-1
Jun-15	--	--	--	--	--	--	--	29	--

Spread	Feb-15	Mar-15	Apr-15	May-15	Jun-15	--
Spot	--					
Feb-15		-220				
Mar-15			-250			
Apr-15				-170		
May-15					--	
Jun-15						

(NB: Spread Basis = Spot- Near Month Future)  
Updated at 5:00 pm on 06-02-2015

**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Markets:**

Centre	Variety	Prices		Change
		6-Feb-15	5-Feb-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	--	3840	-
Khandwa	Mech-1	4050	Closed	-
Khargaon	Mech-1	4050	Closed	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4150	4100	50
Rajkot	B.T. Cotton	3995	3985	10
Patan	B.T. Cotton	4075	4095	-20
Deesa	B.T. Cotton	3925	NA	-
Muktsar	B.T. Cotton	--	4100	-
Fazilika	B.T. Cotton	--	4190	-
Bhiwani	B.T. Cotton	4150	4100	50
Adampur	B.T. Cotton	4070	4100	-30
Fatehabad	B.T. Cotton	4100	4125	-25
Dabwali	B.T. Cotton	3955	4015	-60
Jind	B.T. Cotton	4149	4220	-71
Uchana (Jind)	B.T. Cotton	4080	4078	2
Rawatsar (Hanumangarh)	B.T. Cotton	3975	4000	-25
Hubli	B.T. Cotton	4055	NA	-
Hathras	B.T. Cotton(US)	3950	4200	-250
Hanumangarh	B.T. Cotton	4050	4050	Unch
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4100	4100	Unch
Gondal	Shankar-6	4005	4045	-40
	<b>Kapas</b>			
Hathras	Desi	4400	4600	-200
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4050	4031	19
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4250	4250	Unch
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	NA	NA	-
	<b>Lint</b>	<b>Rs./Maund (of 37.32kg each)</b>		
Abohar	J-34	3300	3315	-15
Muktsar	J-34	--	3315	-
Fazilika	J-34	--	3280	-
Bhatinda	J-34	3315	3325	-10
Mansa	J-34	3285	3315	-30
Sirsa	J-34	3240	3260	-20
Sri-Ganganagar	J-34	3055	3055	Unch

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		6-Feb-15	5-Feb-15	
Amravati	Mech-1	--	14400	-
Khandwa	Mech-1	800	Closed	-
Khargaone	Mech-1	5000	Closed	-
Mahesana(Kadi)	B.T. Cotton	60000	40000	20000
Rajkot	B.T. Cotton	2700	3900	-1200
Patan	B.T. Cotton	9130	9393	-263
Deesa	B.T. Cotton	1600	NA	-
Fazilika	B.T. Cotton	--	250	-
Muktsar	B.T. Cotton	--	170	-
Bhiwani	B.T. Cotton	1000	1000	Unch
Adampur	B.T. Cotton	425	510	-85
Fatehabad	B.T. Cotton	1000	1000	Unch
Dabwali	B.T. Cotton	300	275	25
Jind	B.T. Cotton	340	306	34
Uchana (Jind)	B.T. Cotton	3000	1500	1500
Rawatsar (Hanumangarh)	B.T. Cotton	300	250	50
Hubli	B.T. Cotton	24	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	2000	3000	-1000
Ahmedabad	Shankar-6	76500	76925	-425
Gondal	Shankar-6	5440	1332	4108
Hathras	Desi	50	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	2602	2047	555
Guntur	Un-Ginned	1	1	Unch
Kurnool	Un-Ginned	NA	155	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	1190	850	340
Bhatinda	J-34	8500	11900	-3400
Mansa	J-34	850	850	Unch
Sirsa	J-34	1360	850	510
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
				5-Feb-15	4-Feb-15	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	30400	28900	1500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	30900	29400	1500
J-34(202)	26mm	3.5 - 4.9	23	30300	30400	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	29800	29900	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	30600	30700	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33200	33300	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34200	34300	-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
		6-Feb-15	5-Feb-15	
Rajkot	Rs. /10 Kg.	570	565	5
New Delhi	Rs. /10 Kg.	595	592	3
Hyderabad	Rs. /10 Kg.	580	580	Unch
Mumbai	Rs. /10 Kg.	588	575	13

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

Centre	Unit	Price		Change
		6-Feb-15	5-Feb-15	
Mahesana (Kadi)	Rs./Qtl	1488	1500	-12
Akola	Rs./Qtl	1437	1438	-1

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 6/2/2015**

Index	RMB/Ton	Change
CCIndex(328)	13451	-1
CCIndex(527)	12442	-7
CCIndex(229)	14172	-1

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

**Cotlook Index: As on 5/2/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	68.60	-0.30

**USDA Cotton Spot Rates: As on 5/2/2015**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.79	66.04	4821
North Delta	61.54	64.29	9962
South Delta	61.54	64.29	1006
East TX-OK	58.50	60.75	5545
West Texas	58.50	60.75	12710
Desert SW	59.79	66.79	NIL
SJ Valley	60.79	70.69	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 5/2/2015**

Contract	Open	High	Low	Close	Change
Mar-15	61.00	61.92	60.55	61.79	0.56
May-15	61.19	61.93	60.67	61.80	0.38
Jul-15	61.77	62.25	61.37	62.14	0.14
Oct-15	62.97	62.97	62.97	62.97	0.14
Dec-15	62.99	63.55	62.62	63.52	0.23
Mar-16	63.86	64.37	63.63	64.37	0.11

**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

**Disclaimer**

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2015 Indian Agribusiness Systems Pvt. Ltd.