

Domestic Fundamentals:

Market Outlook: Cotton market continues with weak tone.

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	--	--	--	--	--	--	--	--	--
Spread	Apr-15								
Spot	--				--		--		

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)

* Future's Market Remain Closed on Saturday

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-15	--	--	--	--	--	--	--	--	--
Mar-15	--	--	--	--	--	--	--	--	--
Apr-15	--	--	--	--	--	--	--	--	--
May-15	--	--	--	--	--	--	--	--	--
Jun-15	--	--	--	--	--	--	--	--	--
Spread	Feb-15	Mar-15	Apr-15	May-15	Jun-15	--			
Spot	--	--	--	--	--	--	--	--	--
Feb-15	--	--	--	--	--	--	--	--	--
Mar-15	--	--	--	--	--	--	--	--	--
Apr-15	--	--	--	--	--	--	--	--	--
May-15	--	--	--	--	--	--	--	--	--
Jun-15	--	--	--	--	--	--	--	--	--

(NB: Spread Basis = Spot- Near Month Future)

* Future's Market Remain Closed on Saturday

DOMESTIC PRICES AND ARRIVALS (*New Crop)
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		7-Feb-15	6-Feb-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	3820	NA	-
Khandwa	Mech-1	Closed	4050	-
Khargaon	Mech-1	Closed	4050	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4100	4150	-50
Rajkot	B.T. Cotton	4000	3995	5
Patan	B.T. Cotton	4075	4075	Unch
Deesa	B.T. Cotton	3930	3925	5
Muktsar	B.T. Cotton	4150	NA	-
Fazilika	B.T. Cotton	4205	NA	-
Bhiwani	B.T. Cotton	4100	4150	-50
Adampur*	B.T. Cotton	4040	4070	-30
Fatehabad	B.T. Cotton	4080	4100	-20
Dabwali*	B.T. Cotton	3950	3955	-5
Jind	B.T. Cotton	4120	4149	-29
Uchana (Jind)*	B.T. Cotton	4020	4080	-60
Rawatsar (Hanumangarh)*	B.T. Cotton	3950	3975	-25
Hubli	B.T. Cotton	NA	4055	-
Hathras	B.T. Cotton(US)	3950	3950	Unch
Hanumangarh	B.T. Cotton	4030	4050	-20
	Kapas			
Ahmedabad	Shankar-6	4075	4100	-25
Gondal	Shankar-6	NA	4005	-
	Kapas			
Hathras	Desi	4400	4400	Unch
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	4050	-
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4250	4250	Unch
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	NA	NA	-
	Lint	Rs./Maund of 37.32kg each)		
Abohar*	J-34	3300	3300	Unch
Muktsar*	J-34	3395	NA	-
Fazilika	J-34	3280	NA	-
Bhatinda	J-34	3315	3315	Unch
Mansa*	J-34	3285	3285	Unch
Sirsa*	J-34	3225	3240	-15
Sri-Ganganagar*	J-34	3041	3055	-14

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		7-Feb-15	6-Feb-15	
Amravati	Mech-1	13800	NA	-
Khandwa	Mech-1	Closed	800	-
Khargaon	Mech-1	Closed	5000	-
Mahesana(Kadi)	B.T. Cotton	45000	60000	-15000
Rajkot	B.T. Cotton	3100	2700	400
Patan	B.T. Cotton	8920	9130	-210
Deesa	B.T. Cotton	1000	1600	-600
Fazilika	B.T. Cotton	200	NA	-
Muktsar	B.T. Cotton	425	NA	-
Bhiwani	B.T. Cotton	2000	1000	1000
Adampur	B.T. Cotton	510	425	85
Fatehabad	B.T. Cotton	1000	1000	Unch
Dabwali	B.T. Cotton	250	300	-50
Jind	B.T. Cotton	595	340	255
Uchana (Jind)	B.T. Cotton	2000	3000	-1000
Rawatsar (Hanumangarh)	B.T. Cotton	50	300	-250
Hubli	B.T. Cotton	NA	24	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	2000	2000	Unch
Ahmedabad	Shankar-6	85000	76500	8500
Gondal	Shankar-6	NA	5440	-
Hathras	Desi	NA	50	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	2602	-
Guntur	Un-Ginned	1	1	Unch
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar*	J-34	1020	1190	-170
Bhatinda*	J-34	15300	8500	6800
Mansa	J-34	765	850	-85
Sirsa*	J-34	850	1360	-510
Sri-Ganganagar*	J-34	2550	3400	-850

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				6-Feb-15	5-Feb-15	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	30400	30400	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	30900	30900	Unch
J-34(202)	26mm	3.5 - 4.9	23	30200	30300	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	29800	29800	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	30600	30600	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33200	33200	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34200	34200	Unch
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
		7-Feb-15	6-Feb-15	
Rajkot	Rs. /10 Kg.	570	570	Unch
New Delhi	Rs. /10 Kg.	Closed	595	-
Hyderabad	Rs. /10 Kg.	580	580	Unch
Mumbai	Rs. /10 Kg.	588	588	Unch

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

Centre	Unit	Price		Change
		7-Feb-15	6-Feb-15	
Mahesana (Kadi)	Rs./Qtl	Closed	1500	-
Akola	Rs./Qtl	Closed	1438	-

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 6/2/2015

Cotlook Indices	Cents/Pound	Change
A-Index	69.05	0.45

USDA Cotton Spot Rates: As on 6/2/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	65.84	62.59	4528
North Delta	64.09	61.34	2111
South Delta	64.09	61.34	775
East TX-OK	60.25	58	2954
West Texas	60.25	58	10847
Desert SW	66.84	59.84	3500
SJ Valley	70.49	60.59	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 6/2/2015

Contract	Open	High	Low	Close	Change
Mar-15	61.79	61.98	60.91	61.59	-0.20
May-15	61.8	62.0	61.2	61.63	-0.17
Jul-15	62.21	62.3	61.53	62.12	-0.02
Oct-15	62.95	62.95	62.95	62.95	-0.02
Dec-15	63.55	63.55	62.83	63.2	-0.32
Mar-16	64.05	64.19	64.05	64.19	-0.18

Pakistan Cotton Spot rates: As on 6/2/2015 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	4850	150	5000
Equivalent	40 Kgs	5198	160	5358

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