

Domestic Fundamentals:

Market Outlook: Cotton market continues with weak tone.

In The News: Cotton output in Gujarat is likely to stand around 105 lakh bales this season compared to 120 lakh bales in previous season, according to Department of Agriculture Economics, Junagarh. The reason for the drop in the production are the late arrival and early withdrawal of monsoon, high temperature during October and November 2014 and leaf reddening disease (Lal Patti), which has affected about 20 per cent of cotton fields.

India exported 1.23 lakh bales of cotton in the last week of January (26 Jan-01 Feb 2015), which was 1.24 lakh bales when compared to previous week (19-25 Jan 2015), according to the data compiled by IBIS. Imports on the other hand stood 0.05 lakh bales, which was 0.13 lakh bales previous week.

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.

International Fundamentals:

Cotton growers in USA intend to devote 9.4 million acres of land for cotton this spring, 14.6 percent lower when compared to previous year, according to 32nd Annual Early Season Planting Intentions Survey by National Cotton Council. Share of upland cotton in the acreage would be around 9.2 million acre, around 15.2% lower when compared to the previous year and 236000 acres would be dedicated for extra long staple (ELS) which is 22.8 percent higher compared to the year 2014.

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	-15.5	737.5	737.5	724.5	724.5	6048	3079	9543	-23

Spread	Apr-15		
Spot	73.5	--	--

(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 09 Feb 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-15	-130	14640	14700	14590	14610	897	234	4226	-249
Mar-15	-120	14880	14940	14830	14860	425	149	3982	-155
Apr-15	-150	15120	15170	15070	15100	192	71	2677	14
May-15	-150	15350	15390	15300	15320	54	48	429	56
Jun-15	-200	15590	15590	15500	15500	2	2	27	-2

Spread	Feb-15	Mar-15	Apr-15	May-15	Jun-15	--
Spot	--					
Feb-15		-250				
Mar-15			-240			
Apr-15				-220		
May-15					-180	
Jun-15						

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

* Updated at 5:00 pm on 09 Feb 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		9-Feb-15	7-Feb-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	3775	3820	-45
Khandwa	Mech-1	4055	Closed	-
Khargaon	Mech-1	4055	Closed	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4100	4100	Unch
Rajkot	B.T. Cotton	4490	4000	490
Patan	B.T. Cotton	4040	4075	-35
Deesa	B.T. Cotton	3955	3930	25
Muktsar	B.T. Cotton	4170	4150	20
Fazilika	B.T. Cotton	4170	4205	-35
Bhiwani	B.T. Cotton	4100	4100	Unch
Adampur	B.T. Cotton	4035	4040	-5
Fatehabad	B.T. Cotton	4070	4080	-10
Dabwali	B.T. Cotton	3950	3950	Unch
Jind	B.T. Cotton	4114	4120	-6
Uchana (Jind)	B.T. Cotton	4020	4020	Unch
Rawatsar (Hanumangarh)	B.T. Cotton	3920	3950	-30
Hubli	B.T. Cotton	4095	4065	30
Hathras	B.T. Cotton(US)	3950	3950	Unch
Hanumangarh	B.T. Cotton	4030	4030	Unch
	Kapas			
Ahmedabad	Shankar-6	4050	4075	-25
Gondal	Shankar-6	4000	NA	-
	Kapas			
Hathras	Desi	4400	4400	Unch
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	4030	-
Guntur	Un-Ginned	NA	4050	-
Kurnool	Un-Ginned	NA	4250	-
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	4000	NA	
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3280	3300	-20
Muktsar	J-34	3280	3395	-115
Fazilika	J-34	3200	3280	-80
Bhatinda	J-34	3290	3315	-25
Mansa	J-34	3285	3285	Unch

Sirsa	J-34	3210	3225	-15
Sri-Ganganagar	J-34	3055	3041	14

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		9-Feb-15	7-Feb-15	
Amravati	Mech-1	12200	13800	-1600
Khandwa	Mech-1	300	Closed	-
Khargaon	Mech-1	6000	Closed	-
Mahesana(Kadi)	B.T. Cotton	40000	45000	-5000
Rajkot	B.T. Cotton	2550	3100	-550
Patan	B.T. Cotton	8447	8920	-473
Deesa	B.T. Cotton	1400	1000	400
Fazilika	B.T. Cotton	300	200	100
Muktsar	B.T. Cotton	170	425	-255
Bhiwani	B.T. Cotton	500	2000	-1500
Adampur	B.T. Cotton	680	510	170
Fatehabad	B.T. Cotton	800	1000	-200
Dabwali	B.T. Cotton	600	250	350
Jind	B.T. Cotton	2720	595	2125
Uchana (Jind)	B.T. Cotton	1500	2000	-500
Rawatsar (Hanumangarh)	B.T. Cotton	50	50	Unch
Hubli	B.T. Cotton	54	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	2000	2000	Unch
Ahmedabad	Shankar-6	76500	85000	-8500
Gondal	Shankar-6	1029	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	NA	-
Guntur	Un-Ginned	NA	1	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	850	1020	-170
Bhatinda	J-34	20400	15300	5100
Mansa	J-34	1190	765	425
Sirsa	J-34	1360	850	510
Sri-Ganganagar	J-34	3400	2550	850

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				7-Feb-15	6-Feb-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	30400	30400	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	30900	30900	Unch
J-34(202)	26mm	3.5 - 4.9	23	30100	30200	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	29700	29800	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	30500	30600	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33100	33200	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34100	34200	-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
		9-Feb-15	7-Feb-15	
Rajkot	Rs. /10 Kg.	570	570	Unch
New Delhi	Rs. /10 Kg.	592	Closed	-
Hyderabad	Rs. /10 Kg.	585	580	5
Mumbai	Rs. /10 Kg.	588	588	Unch

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

Centre	Unit	Price		Change
		9-Feb-15	7-Feb-15	
Mahesana (Kadi)	Rs./Qtl	1429	Closed	-
Akola	Rs./Qtl	1472	Closed	-

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 9/2/2015

Index	RMB/Ton	Change
CCIndex(328)	13445	-6
CCIndex(527)	12441	-1
CCIndex(229)	14167	-5

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 7/2/2015 (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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