

Domestic Fundamentals:

Market Outlook: Cotton market remained steady to weak today.

In The News: India exported 1.37 lakh bales of cotton last week (02-08 Feb 2015), which was 1.23 lakh bales when compared to previous week (26 Jan-01 Feb 2015), according to the data compiled by IBIS. Imports on the other hand stood 0.19 lakh bales, which was 0.05 lakh bales previous week.

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.

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 prices plunges about three month high on Monday following the lower planting intentions in USA. March cotton contract on ICE gained 1.2% to 62.30 cents per pound, the highest price since 11 November 2014.

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.

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	1.5	730	733.5	726.5	731.5	2515	-3533	9063	-480

Spread	Apr-15		
Spot	60.5	--	--

(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 10 Feb 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-15	0	14830	14830	14730	14790	762	-135	4035	-191
Mar-15	0	15050	15050	14960	15020	492	67	3991	9
Apr-15	-20	15230	15260	15190	15240	85	-107	2637	-40
May-15	--	--	--	--	--	--	-54	431	2
Jun-15	--	--	--	--	--	--	-2	27	0

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

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

* Updated at 5:00 pm on 10 Feb 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		10-Feb-15	9-Feb-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	NA	3775	-
Khandwa	Mech-1	4050	4055	-5
Khargaon	Mech-1	4050	4055	-5
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4150	4100	50
Rajkot	B.T. Cotton	3960	4490	-530
Patan	B.T. Cotton	4040	4040	Unch
Deesa	B.T. Cotton	3925	3955	-30
Muktsar	B.T. Cotton	4150	4170	-20
Fazilika	B.T. Cotton	4075	4170	-95
Bhiwani	B.T. Cotton	4100	4100	Unch
Adampur	B.T. Cotton	NA	4035	-
Fatehabad	B.T. Cotton	4060	4070	-10
Dabwali	B.T. Cotton	3950	3950	Unch
Jind	B.T. Cotton	4100	4114	-14
Uchana (Jind)	B.T. Cotton	4020	4020	Unch
Rawatsar (Hanumangarh)	B.T. Cotton	3925	3920	5
Hubli	B.T. Cotton	4043	4095	-52
Hathras	B.T. Cotton(US)	3950	3950	Unch
Hanumangarh	B.T. Cotton	4030	4030	Unch
	Kapas			
Ahmedabad	Shankar-6	NA	4050	-
Gondal	Shankar-6	4000	4000	Unch
	Kapas			
Jamner (Jalgaon)	Medium Staple	3950	3950	Unch
Hathras	Desi	4400	4400	Unch
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4000	NA	-
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4250	NA	-
Krishna	Un-Ginned	3984	4050	-66
East Godavari	Un-Ginned	4000	4000	Unch
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3270	3280	-10
Muktsar	J-34	3270	3280	-10
Fazilika	J-34	3270	3200	70
Bhatinda	J-34	3285	3290	-5

Mansa	J-34	3270	3285	-15
Sirsa	J-34	3200	3210	-10
Sri-Ganganagar	J-34	3008	3055	-47

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		10-Feb-15	9-Feb-15	
Amravati	Mech-1	NA	12200	-
Khandwa	Mech-1	800	300	500
Khargaon	Mech-1	6000	6000	Unch
Mahesana(Kadi)	B.T. Cotton	30000	40000	-10000
Rajkot	B.T. Cotton	2300	2550	-250
Patan	B.T. Cotton	7940	8447	-507
Deesa	B.T. Cotton	1500	1400	100
Fazilika	B.T. Cotton	300	300	Unch
Muktsar	B.T. Cotton	340	170	170
Bhiwani	B.T. Cotton	600	500	100
Adampur	B.T. Cotton	NA	680	-
Fatehabad	B.T. Cotton	900	800	100
Dabwali	B.T. Cotton	325	600	-275
Jind	B.T. Cotton	340	2720	-2380
Uchana (Jind)	B.T. Cotton	1600	1500	100
Rawatsar (Hanumangarh)	B.T. Cotton	100	50	50
Hubli	B.T. Cotton	20	54	-34
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	2000	2000	Unch
Ahmedabad	Shankar-6	NA	76500	-
Gondal	Shankar-6	654	1029	-375
Jamner (Jalgaon)	Medium Staple	1230	1195	35
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	2347	NA	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	8	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	680	850	-170
Bhatinda	J-34	17000	20400	-3400
Mansa	J-34	1190	1190	Unch

Sirsa	J-34	850	1360	-510
Sri-Ganganagar	J-34	1700	3400	-1700

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				9-Feb-15	7-Feb-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	29900	30400	-500
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	30400	30900	-500
J-34(202)	26mm	3.5 - 4.9	23	29900	30100	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	29600	29700	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	30300	30500	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33000	33100	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34000	34100	-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
		10-Feb-15	7-Feb-15	
Rajkot	Rs. /10 Kg.	560	570	-10
New Delhi	Rs. /10 Kg.	585	592	-7
Hyderabad	Rs. /10 Kg.	575	585	-10
Mumbai	Rs. /10 Kg.	590	588	2

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

Centre	Unit	Price		Change
		10-Feb-15	9-Feb-15	
Mahesana (Kadi)	Rs./Qtl	1423	1429	-6
Akola	Rs./Qtl	1467	1472	-5

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 10/2/2015

Index	RMB/Ton	Change
CCIndex(328)	13442	-3
CCIndex(527)	12440	-1
CCIndex(229)	14167	0

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

Cotlook Index: As on 9/2/2015

Cotlook Indices	Cents/Pound	Change
A-Index	68.85	-0.2

USDA Cotton Spot Rates: As on 9/2/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	63.30	66.55	1755
North Delta	62.05	64.80	NIL
South Delta	62.05	64.80	NIL
East TX-OK	58.75	61.00	4092
West Texas	58.75	61.00	15020
Desert SW	60.55	67.30	6500
SJ Valley	61.30	71.20	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 9/2/2015

Contract	Open	High	Low	Close	Change
Mar-15	61.63	62.81	61.25	62.30	0.71
May-15	61.44	62.94	61.44	62.73	1.10
Jul-15	62.15	63.20	62.07	63.20	1.08
Oct-15	63.86	63.92	63.85	63.92	0.97
Dec-15	63.27	64.03	63.23	63.95	0.75
Mar-16	64.25	64.60	64.22	64.53	0.34

Pakistan Cotton Spot rates: As on 9/2/2015 (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

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.