

Domestic Fundamentals:

Market Outlook: Cotton market remained steady to weak today.

In The News: Cotton Corporation of India is likely to face steepest loss in last six year from the cotton sales. Due to availability of massive stockpiles of cotton in domestic market and diminishing demand from China, cotton market is ruling all time low. CCI has procured around 6.5 million bales of cotton this season so far at MSP. According to the officials, CCI could suffer the loss of around 20-25 billion rupees (USD 322-402 million), based on the currently ruling prices of the fibre. This would be biggest loss since 2008/09.

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.

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	732	736	730.5	733.5	1710	-805	8629	-434
Spread		Apr-15							
Spot		58.5		--		--			

(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 11 Feb 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-15	20	14800	14850	14680	14770	601	-161	3925	-110
Mar-15	40	14960	15060	14890	14990	252	-240	4138	147
Apr-15	0	15180	15280	15170	15210	172	87	2643	6
May-15	-30	15390	15450	15390	15450	10	10	447	16
Jun-15	40	15620	15700	15620	15700	4	4	28	1
Spread		Feb-15	Mar-15	Apr-15	May-15	Jun-15	--		
Spot		--							
Feb-15		-220							
Mar-15				-220					
Apr-15						-240			
May-15								-250	
Jun-15									

(NB: Spread Basis = Spot- Near Month Future)
* Updated at 5:00 pm on 11 Feb 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		11-Feb-15	10-Feb-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	3800	NA	-
Khandwa	Mech-1	4050	4050	Unch
Khargaon	Mech-1	4050	4050	Unch
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4075	4150	-75
Rajkot	B.T. Cotton	3990	3960	30
Patan	B.T. Cotton	4055	4040	15
Deesa	B.T. Cotton	3910	3925	-15
Muktsar	B.T. Cotton	4100	4150	-50
Fazilika	B.T. Cotton	4070	4075	-5
Bhiwani	B.T. Cotton	4070	4100	-30
Adampur	B.T. Cotton	NA	NA	-
Fatehabad	B.T. Cotton	4050	4060	-10
Dabwali	B.T. Cotton	3950	3950	Unch
Jind	B.T. Cotton	3992	4100	-108
Uchana (Jind)	B.T. Cotton	4021	4020	1
Rawatsar (Hanumangarh)	B.T. Cotton	3925	3925	Unch
Hubli	B.T. Cotton	NA	4043	-
Hathras	B.T. Cotton(US)	3200	3200	Unch
Hanumangarh	B.T. Cotton	4030	4030	Unch
	Kapas			
Ahmedabad	Shankar-6	4000	NA	-
Gondal	Shankar-6	4000	4000	Unch
	Kapas			
Jamner (Jalgaon)	Medium Staple	NA	3950	-
Hathras	Desi	3500	3500	Unch
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4000	4000	Unch
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4250	4250	Unch
Krishna	Un-Ginned	4050	3984	66
East Godavari	Un-Ginned	4000	4000	Unch
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3270	3270	Unch
Muktsar	J-34	3270	3270	Unch
Fazilika	J-34	3270	3270	Unch
Bhatinda	J-34	3285	3285	Unch
Mansa	J-34	3265	3270	-5
Sirsa	J-34	3200	3200	Unch
Sri-Ganganagar	J-34	NA	3008	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		11-Feb-15	10-Feb-15	
Amravati	Mech-1	10900	NA	-
Khandwa	Mech-1	800	800	Unch
Khargaon	Mech-1	7000	6000	1000
Mahesana(Kadi)	B.T. Cotton	35000	30000	5000
Rajkot	B.T. Cotton	2350	2300	50
Patan	B.T. Cotton	9260	7940	1320
Deesa	B.T. Cotton	1500	1500	Unch
Fazilika	B.T. Cotton	400	300	100
Muksar	B.T. Cotton	255	340	-85
Bhiwani	B.T. Cotton	700	600	100
Adampur	B.T. Cotton	NA	NA	-
Fatehabad	B.T. Cotton	1000	900	100
Dabwali	B.T. Cotton	350	325	25
Jind	B.T. Cotton	595	340	255
Uchana (Jind)	B.T. Cotton	1000	1600	-600
Rawatsar (Hanumangarh)	B.T. Cotton	100	100	Unch
Hubli	B.T. Cotton	NA	20	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	1500	2000	-500
Ahmedabad	Shankar-6	85000	NA	-
Gondal	Shankar-6	1404	654	750
Jamner (Jalgaon)	Medium Staple	NA	1230	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	1800	2347	-547
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	8	8	Unch
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	680	680	Unch
Bhatinda	J-34	19550	17000	2550
Mansa	J-34	1190	1190	Unch
Sirsa	J-34	1020	850	170
Sri-Ganganagar	J-34	NA	1700	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				10-Feb-15	9-Feb-15	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	29400	29900	-500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	29900	30400	-500
J-34(202)	26mm	3.5 - 4.9	23	29800	29900	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	29600	29600	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	30300	30300	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33200	33000	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34200	34000	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
		11-Feb-15	10-Feb-15	
Rajkot	Rs. /10 Kg.	555	560	-5
New Delhi	Rs. /10 Kg.	585	585	Unch
Hyderabad	Rs. /10 Kg.	585	575	10
Mumbai	Rs. /10 Kg.	590	590	Unch

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

Centre	Unit	Price		Change
		11-Feb-15	10-Feb-15	
Mahesana (Kadi)	Rs./Qtl	1425	1423	2
Akola	Rs./Qtl	1474	1467	7

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 11/2/2015

Index	RMB/Ton	Change
CCIndex(328)	13433	-9
CCIndex(527)	12438	-2
CCIndex(229)	14160	-7

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

Cotlook Index: As on 10/2/2015

Cotlook Indices	Cents/Pound	Change
A-Index	69.45	0.60

USDA Cotton Spot Rates: As on 10/2/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	63.51	66.76	194
North Delta	62.26	65.01	NIL
South Delta	62.26	65.01	NIL
East TX-OK	59.00	61.25	4689
West Texas	59.00	61.25	9718
Desert SW	60.76	67.51	3520
SJ Valley	61.51	71.41	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 10/2/2015

Contract	Open	High	Low	Close	Change
Mar-15	62.55	63.44	62.13	62.51	0.21
May-15	62.73	63.45	62.25	62.89	0.16
Jul-15	63.28	63.66	62.70	63.37	0.17
Oct-15	64.01	64.01	63.75	63.88	-0.04
Dec-15	63.99	64.37	63.50	63.88	-0.07
Mar-16	64.60	64.70	64.04	64.23	-0.30

Pakistan Cotton Spot rates: As on 10/2/2015 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	4900	150	5050
Equivalent	40 Kgs	5251	160	5411

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