

## Domestic Fundamentals:

**Market Outlook:** Cotton market remained steady to firm today.

**In The News:** Cotton exports from India could go lower than the levels expected at the commencement of the season. USDA estimates cotton export during the season 2014-15 to be around 0.914 (53.7 lakh bales of 170 kg each) million tonnes which was estimated 1.023 million tonnes in January this year. Cotton export is apparent to see fall of 54.5% considering the export of previous season which stood 2.015 (118 lakh bales of 170 kg each) million tonnes.

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.

### International Fundamentals:

United States cotton export is likely to be marginally higher this season compared to the previous season, said USDA. USA is expected to export 2.33 million tonnes of cotton this year compared to the 2.29 million tonnes previous year. Although in previous month estimates the country was expected to export 2.177 million tonnes during season 2014-15, but the expectation of slight increase in the china cotton import has lifted the USA export projections simultaneously.

China cotton imports projection has been rose up slightly this month by USDA what was estimated previous month. According to USDA, China is likely to import 1.589 million tonnes of cotton this season around 4.27 percent higher which was projected to be around 1.524 million tonnes previous month. This season China is about to cut cotton imports by around 48.3% compared to the imports of previous season when the same was 3.075 million tonnes.

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.

### 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	10.5	736	754	733.5	746	5877	4167	9016	387

Spread	Apr-15		
Spot	51	--	--

(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 12 Feb 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-15	60	14710	14860	14690	14750	1003	402	3830	-95
Mar-15	70	14940	15060	14910	14970	649	397	4096	-42
Apr-15	50	15170	15270	15120	15180	362	190	2522	-121
May-15	40	15360	15450	15360	15400	20	10	468	21
Jun-15	-10	15630	15630	15630	15630	1	-3	28	0

Spread	Feb-15	Mar-15	Apr-15	May-15	Jun-15	--
Spot	--					
Feb-15		-220				
Mar-15			-210			
Apr-15				-220		
May-15					-230	
Jun-15						

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

\* Updated at 5:00 pm on 12 Feb 2015

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

Centre	Variety	Prices		Change
		12-Feb-15	11-Feb-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	3800	3800	Unch
Khandwa	Mech-1	4050	4050	Unch
Khargaon	Mech-1	4050	4050	Unch
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4200	4075	125
Rajkot	B.T. Cotton	3965	3990	-25
Patan	B.T. Cotton	4075	4055	20
Deesa	B.T. Cotton	3975	3910	65
Muktsar	B.T. Cotton	4100	4100	Unch
Fazilika	B.T. Cotton	NR	4070	-
Bhiwani	B.T. Cotton	4100	4070	30
Adampur	B.T. Cotton	NR	NR	-
Fatehabad	B.T. Cotton	4050	4050	Unch
Dabwali	B.T. Cotton	3950	3950	Unch
Jind	B.T. Cotton	4115	3995	120
Uchana (Jind)	B.T. Cotton	4025	4020	5
Rawatsar (Hanumangarh)	B.T. Cotton	3950	3925	25
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NR	3200	-
Hanumangarh	B.T. Cotton	4020	4030	-10
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4100	4000	100
Gondal	Shankar-6	4000	4000	Unch
	<b>Kapas</b>			
Jamner (Jalgaon)	Medium Staple	3950	NA	-
Hathras	Desi	NR	3500	-
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	4050	Unch
East Godavari	Un-Ginned	4000	4000	Unch
	<b>Lint</b>	<b>Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	3280	3270	10
Muktsar	J-34	3280	3270	10
Fazilika	J-34	NR	3270	-
Bhatinda	J-34	3280	3285	-5
Mansa	J-34	3250	3265	-15
Sirsa	J-34	3215	3200	15
Sri-Ganganagar	J-34	1700	NA	-

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		12-Feb-15	11-Feb-15	
Amravati	Mech-1	11200	10900	300
Khandwa	Mech-1	800	800	Unch
Khargaon	Mech-1	7000	7000	Unch
Mahesana(Kadi)	B.T. Cotton	35000	35000	Unch
Rajkot	B.T. Cotton	3250	2350	900
Patan	B.T. Cotton	7360	9260	-1900
Deesa	B.T. Cotton	725	1500	-775
Fazilika	B.T. Cotton	NA	400	-
Muktsar	B.T. Cotton	340	255	85
Bhiwani	B.T. Cotton	800	700	100
Adampur	B.T. Cotton	NA	NA	-
Fatehabad	B.T. Cotton	950	1000	-50
Dabwali	B.T. Cotton	250	350	-100
Jind	B.T. Cotton	680	595	85
Uchana (Jind)	B.T. Cotton	1500	1000	500
Rawatsar (Hanumangarh)	B.T. Cotton	100	100	Unch
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	2500	1500	1000
Ahmedabad	Shankar-6	76500	85000	-8500
Gondal	Shankar-6	1401	1404	-3
Jamner (Jalgaon)	Medium Staple	1245	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	2092	1800	292
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	8	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	680	680	Unch
Bhatinda	J-34	20400	19550	850
Mansa	J-34	1700	1190	510
Sirsa	J-34	680	1020	-340
Sri-Ganganagar	J-34	1700	NA	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				11-Feb-15	10-Feb-15	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	29400	29400	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	29900	29900	Unch
J-34(202)	26mm	3.5 - 4.9	23	29900	29800	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	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
		12-Feb-15	11-Feb-15	
Rajkot	Rs. /10 Kg.	560	555	5
New Delhi	Rs. /10 Kg.	585	585	Unch
Hyderabad	Rs. /10 Kg.	585	585	Unch
Mumbai	Rs. /10 Kg.	584	590	-6

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

Centre	Unit	Price		Change
		12-Feb-15	11-Feb-15	
Mahesana (Kadi)	Rs./Qtl	1429	1425	4
Akola	Rs./Qtl	1473	1474	-1

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 12/2/2015**

Index	RMB/Ton	Change
CCIndex(328)	13435	2
CCIndex(527)	12438	Unch
CCIndex(229)	14161	1

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

**Cotlook Index: As on 11/2/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	69.55	0.10

**USDA Cotton Spot Rates: As on 11/2/2015**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	63.02	66.27	1712
North Delta	61.77	64.52	1067
South Delta	61.77	64.52	540
East TX-OK	58.50	60.75	1305
West Texas	58.50	60.75	6987
Desert SW	60.27	67.02	NIL
SJ Valley	61.02	70.92	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 11/2/2015**

Contract	Open	High	Low	Close	Change
Mar-15	62.49	62.57	61.71	62.02	-0.49
May-15	62.67	62.9	61.91	62.16	-0.73
Jul-15	63.31	63.34	62.41	62.69	-0.68
Oct-15	63.23	63.23	63.23	63.23	-0.65
Dec-15	64	63.9	63.08	63.32	-0.56
Mar-16	63.81	64.13	63.7	63.83	-0.40

**Pakistan Cotton Spot rates: As on 11/2/2015 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	4950	150	5100
Equivalent	40 Kgs	5305	160	5465

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