

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone on Saturday.

In The News: World cotton production is estimated slightly higher this month by USDA at 25.99 million tonnes compared to the estimates of previous month which was 25.94 million tonnes, although it is marginally lower than the output of previous season which was 26.22 million tonnes. The upward changes in the estimates is primarily due to the higher production prospects in Pakistan at 2.264 million tonnes projected this month which was earlier estimated 2.221 million tonnes a month ago.

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.

International Fundamentals:

As per the latest estimates of USDA, cotton export the global front would stand around 7.455 million tonnes this season slightly higher of 7.401 million tonnes what was estimated previous month. Although cotton exports estimates are a little higher this month, the same is still lower the actual export of cotton in previous season which was around 8.868 million tonnes. The cause of the upward changes in the monthly estimates is higher export expected from USA.

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.

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	-3.5	747	752.5	743	744.5	3476	-2401	8793	-223

Spread	Apr-15		
Spot	57.5	--	--

(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 13 Feb 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-15	70	14770	14850	14750	14810	601	-402	3824	-6
Mar-15	90	14990	15070	14970	15040	597	-52	4121	25
Apr-15	100	15200	15290	15200	15270	162	-200	2529	7
May-15	60	15410	15470	15410	15460	11	-9	471	3
Jun-15	0	0	0	0	0	0	-1	28	0

Spread	Feb-15	Mar-15	Apr-15	May-15	Jun-15	--
Spot	--					
Feb-15		-230				
Mar-15			-230			
Apr-15				-190		
May-15					--	
Jun-15						

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

* Updated at 5:00 pm on 13 Feb 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		14-Feb-15	13-Feb-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	3850	3840	10
Khandwa	Mech-1	Closed	4050	-
Khargaon	Mech-1	Closed	4050	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4250	4200	50
Rajkot	B.T. Cotton	4000	4010	-10
Patan	B.T. Cotton	4075	4090	-15
Deesa	B.T. Cotton	3950	3950	Unch
Muktsar	B.T. Cotton	4180	4100	80
Fazilika	B.T. Cotton	4130	4250	-120
Bhiwani	B.T. Cotton	4100	4115	-15
Adampur	B.T. Cotton	4050	4050	Unch
Fatehabad	B.T. Cotton	4080	4060	20
Dabwali	B.T. Cotton	3950	3950	Unch
Jind	B.T. Cotton	4150	4070	80
Uchana (Jind)	B.T. Cotton	4086	4071	15
Rawatsar (Hanumangarh)	B.T. Cotton	3980	3950	30
Hubli	B.T. Cotton	NA	4010	-
Hathras	B.T. Cotton(US)	3200	3200	Unch
Hanumangarh	B.T. Cotton	4030	4010	20
	Kapas			
Ahmedabad	Shankar-6	4050	4125	-75
Gondal	Shankar-6	NA	4015	-
	Kapas			
Jamner (Jalgaon)	Medium Staple	3950	3950	Unch
Hathras	Desi	3500	3500	Unch
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	3909	-
Raichur	H-44 Cotton	NA	4000	-
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
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3320	3305	15
Muktsar	J-34	3310	3305	5
Fazilika	J-34	3320	3310	10
Bhatinda	J-34	3325	3310	15
Mansa	J-34	3305	3300	5
Sirsa	J-34	3240	3240	Unch
Sri-Ganganagar	J-34	3027	3008	19

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		14-Feb-15	13-Feb-15	
Amravati	Mech-1	9500	11700	-2200
Khandwa	Mech-1	Closed	1200	-
Khargaon	Mech-1	Closed	8000	-
Mahesana(Kadi)	B.T. Cotton	20000	25000	-5000
Rajkot	B.T. Cotton	2100	2700	-600
Patan	B.T. Cotton	7625	7716	-91
Deesa	B.T. Cotton	1500	850	650
Fazilika	B.T. Cotton	300	340	-40
Muktsar	B.T. Cotton	340	300	40
Bhiwani	B.T. Cotton	1500	800	700
Adampur	B.T. Cotton	510	510	Unch
Fatehabad	B.T. Cotton	1000	1000	Unch
Dabwali	B.T. Cotton	300	600	-300
Jind	B.T. Cotton	510	340	170
Uchana (Jind)	B.T. Cotton	1500	1500	Unch
Rawatsar (Hanumangarh)	B.T. Cotton	100	60	40
Hubli	B.T. Cotton	NA	34	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	2000	2000	Unch
Ahmedabad	Shankar-6	85000	68000	17000
Gondal	Shankar-6	NA	1714	-
Jamner (Jalgaon)	Medium Staple	278	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	12	-
Raichur	H-44 Cotton	NA	2107	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	680	680	Unch
Bhatinda	J-34	21250	22100	-850
Mansa	J-34	1105	1190	-85
Sirsa	J-34	1020	1190	-170
Sri-Ganganagar	J-34	1700	1700	Unch

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				13-Feb-15	12-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	30200	30000	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	29700	29700	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	30400	30400	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33300	33300	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34300	34300	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	42500	42500	Unch

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

Centre	Unit	Price		Change
		14-Feb-15	13-Feb-15	
Rajkot	Rs. /10 Kg.	560	565	-5
New Delhi	Rs. /10 Kg.	585	585	Unch
Hyderabad	Rs. /10 Kg.	575	575	Unch
Mumbai	Rs. /10 Kg.	582	582	Unch

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

Centre	Unit	Price		Change
		14-Feb-15	13-Feb-15	
Mahesana (Kadi)	Rs./Qtl	Closed	1445	-
Akola	Rs./Qtl	Closed	1494	-

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 13/2/2015

Index	RMB/Ton	Change
CCIndex(328)	13436	1
CCIndex(527)	12426	-12
CCIndex(229)	14161	Unch

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

Cotlook Index: As on 13/2/2015

Cotlook Indices	Cents/Pound	Change
A-Index	69.55	0.50

USDA Cotton Spot Rates: As on 13/2/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	64.07	67.32	4795
North Delta	63.07	65.82	NIL
South Delta	63.07	65.82	NIL
East TX-OK	59.00	61.25	2501
West Texas	59.00	61.25	14054
Desert SW	61.32	68.07	99
SJ Valley	62.07	71.97	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 13/2/2015

Contract	Open	High	Low	Close	Change
Mar-15	62.54	62.93	62.43	62.7	0.22
May-15	62.8	63.49	62.8	63.32	0.51
Jul-15	63	63.79	63.2	63.52	0.31
Oct-15	63.87	63.87	63.87	63.87	0.42
Dec-15	63.69	64.14	63.69	64.07	0.43
Mar-16	64.43	64.52	64.43	64.52	0.47

Pakistan Cotton Spot rates: As on 13/2/2015 (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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