

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone on Monday.

In The News: Cotton Corporation of India (CCI) invited bids to sell 33000 bales of cotton through e-auction on 16 Feb 2015, which was sourced from the procurement it operated in the current season. Varieties mostly offered were BB in Maharashtra and Andhra Pradesh, S-6 in Gujarat whereas J-34 was offered in Punjab and Rajasthan.

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.

International Fundamentals:

China cotton imports during January this year stood 161,200 tonnes 44.9% lower when compared to the imports last year during the corresponding month. In the initial five months of the season 2014/15, china imported 722,600 tonnes of cotton, 49% lower as compared to the imports during the same period last year.

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.

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	0	746	752.5	743	745.5	3568	92	8874	81

Spread	Apr-15		
Spot	55.5	--	--

(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 16 Feb 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-15	30	14860	14950	14850	14880	689	88	3757	-67
Mar-15	30	15100	15160	15060	15100	496	-101	4303	182
Apr-15	0	15330	15380	15270	15290	238	76	2585	56
May-15	0	15500	15600	15480	15480	59	48	497	26
Jun-15	20	15700	15700	15700	15700	4	4	34	6

Spread	Feb-15	Mar-15	Apr-15	May-15	Jun-15	--
Spot	--					
Feb-15		-220				
Mar-15			-190			
Apr-15				-190		
May-15					-220	
Jun-15						

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

* Updated at 5:00 pm on 16 Feb 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		16-Feb-15	14-Feb-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	3950	3850	100
Khandwa	Mech-1	--	Closed	-
Khargaon	Mech-1	--	Closed	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4200	4250	-50
Rajkot	B.T. Cotton	4005	4000	5
Patan	B.T. Cotton	4085	4075	10
Deesa	B.T. Cotton	4045	3950	95
Muktsar	B.T. Cotton	4180	4180	Unch
Fazilika	B.T. Cotton	4210	4130	80
Bhiwani	B.T. Cotton	--	4100	-
Adampur	B.T. Cotton	4040	4050	-10
Fatehabad	B.T. Cotton	4080	4080	Unch
Dabwali	B.T. Cotton	4050	3950	100
Jind	B.T. Cotton	4090	4150	-60
Uchana (Jind)	B.T. Cotton	4070	4086	-16
Rawatsar (Hanumangarh)	B.T. Cotton	--	3980	-
Hubli	B.T. Cotton	4033	NA	-
Hathras	B.T. Cotton(US)	3200	3200	Unch
Hanumangarh	B.T. Cotton	4060	4030	30
	Kapas			
Ahmedabad	Shankar-6	4125	4050	75
Gondal	Shankar-6	4015	NA	-
	Kapas			
Jamner (Jalgaon)	Medium Staple	3950	3950	Unch
Hathras	Desi	3500	3500	Unch
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	3939	NA	-
Raichur	H-44 Cotton	4050	NA	-
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	3300	3320	-20
Muktsar	J-34	3300	3310	-10
Fazilika	J-34	3305	3320	-15
Bhatinda	J-34	3300	3325	-25
Mansa	J-34	3280	3305	-25
Sirsa	J-34	3230	3240	-10
Sri-Ganganagar	J-34	--	3027	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		16-Feb-15	14-Feb-15	
Amravati	Mech-1	8400	9500	-1100
Khandwa	Mech-1	--	Closed	-
Khargaone	Mech-1	--	Closed	-
Mahesana(Kadi)	B.T. Cotton	40000	20000	20000
Rajkot	B.T. Cotton	2400	2100	300
Patan	B.T. Cotton	8105	7625	480
Deesa	B.T. Cotton	1475	1500	-25
Fazilika	B.T. Cotton	300	300	Unch
Muktsar	B.T. Cotton	170	340	-170
Bhiwani	B.T. Cotton	--	1500	-
Adampur	B.T. Cotton	595	510	85
Fatehabad	B.T. Cotton	900	1000	-100
Dabwali	B.T. Cotton	700	300	400
Jind	B.T. Cotton	340	510	-170
Uchana (Jind)	B.T. Cotton	1500	1500	Unch
Rawatsar (Hanumangarh)	B.T. Cotton	--	100	-
Hubli	B.T. Cotton	70	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	2000	2000	Unch
Ahmedabad	Shankar-6	68000	85000	-17000
Gondal	Shankar-6	1535	NA	-
Jamner (Jalgaon)	Medium Staple	1300	278	1022
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	2	NA	-
Raichur	H-44 Cotton	3650	NA	-
Guntur	Un-Ginned	1	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	1	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	680	680	Unch
Bhatinda	J-34	17000	21250	-4250
Mansa	J-34	1190	1105	85
Sirsa	J-34	850	1020	-170
Sri-Ganganagar	J-34	--	1700	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				14-Feb-15	13-Feb-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	29800	29400	400
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	30300	29900	400
J-34(202)	26mm	3.5 - 4.9	23	30300	30200	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	29800	29700	100
Shankar-6(105)	29mm	3.5 - 4.9	28	30500	30400	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33400	33300	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34400	34300	100
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
		16-Feb-15	14-Feb-15	
Rajkot	Rs. /10 Kg.	562	560	2
New Delhi	Rs. /10 Kg.	592	585	7
Hyderabad	Rs. /10 Kg.	570	575	5
Mumbai	Rs. /10 Kg.	588	582	6

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

Centre	Unit	Price		Change
		16-Feb-15	14-Feb-15	
Mahesana (Kadi)	Rs./Qtl	1494	Closed	-
Akola	Rs./Qtl	1452	Closed	-

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 16/2/2015

Index	RMB/Ton	Change
CCIndex(328)	13439	2
CCIndex(527)	12423	-3
CCIndex(229)	14164	3

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 14/2/2015 (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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