

Domestic Fundamentals:

Market Outlook: Most of the markets remained closed following “*Mahashivratri*”. Cotton prices remained steady to weak.

In The News: Government has added raw cotton and oilseed to the list of 38 commodities, which have been exempt from Commodity Transaction Tax (CTT). The exemption of CTT has raised the hopes of commodity exchanges and the segment of brokers that center might consider a regulatory recommendation to reduce levy in the Union budget, if not withdraw it completely.

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.

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.

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 to firm 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 (Market remained closed on Tuesday)

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 (Market remained closed on Tuesday)

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		17-Feb-15	16-Feb-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	3930	3950	-20
Khandwa	Mech-1	Closed	--	-
Khargaon	Mech-1	Closed	--	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4200	4200	Unch
Rajkot	B.T. Cotton	Closed	4005	-
Patan	B.T. Cotton	Closed	4085	-
Deesa	B.T. Cotton	Closed	4045	-
Muktsar	B.T. Cotton	4165	4180	-15
Fazilika	B.T. Cotton	4215	4210	5
Bhiwani	B.T. Cotton	4115	--	-
Adampur	B.T. Cotton	4030	4040	-10
Fatehabad	B.T. Cotton	4060	4080	-20
Dabwali	B.T. Cotton	3950	4050	-100
Jind	B.T. Cotton	4135	4090	45
Uchana (Jind)	B.T. Cotton	4075	4070	5
Rawatsar (Hanumangarh)	B.T. Cotton	Closed	--	-
Hubli	B.T. Cotton	NA	4033	-
Hathras	B.T. Cotton(US)	Closed	3200	-
Hanumangarh	B.T. Cotton	4060	4060	Unch
	Kapas			
Ahmedabad	Shankar-6	Closed	4125	-
Gondal	Shankar-6	Closed	4015	-
	Kapas			
Jamner (Jalgaon)	Medium Staple	NA	3950	-
Hathras	Desi	Closed	3500	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	3939	-
Raichur	H-44 Cotton	NA	4050	-
Guntur	Un-Ginned	NA	4050	-
Kurnool	Un-Ginned	4250	4250	Unch
Krishna	Un-Ginned	NA	4050	-
East Godavari	Un-Ginned	NA	4000	-
	Lint	Rs./Maunder of 37.32kg each)		
Abohar	J-34	3300	3300	Unch
Muktsar	J-34	3300	3300	Unch
Fazilika	J-34	3310	3305	5
Bhatinda	J-34	3305	3300	5
Mansa	J-34	--	3280	-
Sirsa	J-34	3225	3230	-5
Sri-Ganganagar	J-34	--	--	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		17-Feb-15	16-Feb-15	
Amravati	Mech-1	1200	8400	-7200
Khandwa	Mech-1	Closed	--	-
Khargaone	Mech-1	Closed	--	-
Mahesana(Kadi)	B.T. Cotton	40000	40000	Unch
Rajkot	B.T. Cotton	Closed	2400	-
Patan	B.T. Cotton	Closed	8105	-
Deesa	B.T. Cotton	Closed	1475	-
Fazilika	B.T. Cotton	200	300	-100
Muktsar	B.T. Cotton	170	170	Unch
Bhiwani	B.T. Cotton	1000	--	-
Adampur	B.T. Cotton	595	595	Unch
Fatehabad	B.T. Cotton	750	900	-150
Dabwali	B.T. Cotton	100	700	-600
Jind	B.T. Cotton	340	340	Unch
Uchana (Jind)	B.T. Cotton	1000	1500	-500
Rawatsar (Hanumangarh)	B.T. Cotton	Closed	--	-
Hubli	B.T. Cotton	NA	70	-
Hathras	B.T. Cotton(US)	Closed	NA	-
Hanumangarh	B.T. Cotton	1500	2000	-500
Ahmedabad	Shankar-6	Closed	68000	-
Gondal	Shankar-6	Closed	1535	-
Jamner (Jalgaon)	Medium Staple	NA	1300	-
Hathras	Desi	Closed	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	2	-
Raichur	H-44 Cotton	NA	3650	-
Guntur	Un-Ginned	NA	1	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	1	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	595	680	-85
Bhatinda	J-34	17000	17000	Unch
Mansa	J-34	--	1190	-
Sirsa	J-34	850	850	Unch
Sri-Ganganagar	J-34	--	--	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				16-Feb-15	14-Feb-15	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	29800	29800	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	30300	30300	Unch
J-34(202)	26mm	3.5 - 4.9	23	30200	30300	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	30000	29800	200
Shankar-6(105)	29mm	3.5 - 4.9	28	30700	30500	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33400	33400	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34400	34400	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	42000	42500	-500

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

Centre	Unit	Price		Change
		17-Feb-15	16-Feb-15	
Rajkot	Rs. /10 Kg.	Closed	562	-
New Delhi	Rs. /10 Kg.	Closed	592	-
Hyderabad	Rs. /10 Kg.	Closed	570	-
Mumbai	Rs. /10 Kg.	594	588	6

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

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

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 17/2/2015

Index	RMB/Ton	Change
CCIndex(328)	13442	3
CCIndex(527)	12425	2
CCIndex(229)	14166	2

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

Cotlook Index: As on 16/2/2015

Cotlook Indices	Cents/Pound	Change
A-Index	69.85	0.30

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 16/2/2015

Contract	Open	High	Low	Close	Change
Mar-15	62.54	62.93	62.43	62.70	0.22
May-15	62.80	63.49	62.80	63.32	0.51
Jul-15	63.00	63.79	63.20	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 16/2/2015 (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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