

Domestic Fundamentals:

Market Outlook: Cotton prices remained steady to firm.

In The News: India exported 1.29 lakh bales of cotton last week (09-15 Feb 2015), which was 1.37 lakh bales when compared to previous week (02-08 Feb 2015), according to the data compiled by IBIS. Imports on the other hand stood 0.21 lakh bales, which was 0.91 lakh bales previous week.

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.

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:

Cotton price jumped a five month high on Tuesday following bullish market sentiments and low exchange stocks. Most active May contract at ICE settled at 64.53 cents a pound, which was last reported on September 19, last year.

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.

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	8.5	749	758	748.5	755.5	5861	2293	8827	-47
Spread	Apr-15								
Spot	45.5		--		--		--		

(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 19 Feb 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-15	180	14830	15100	14830	15080	1218	529	3734	-23
Mar-15	170	15120	15320	15120	15290	1285	789	4564	261
Apr-15	150	15400	15560	15400	15510	451	213	2760	175
May-15	170	15660	15740	15620	15720	65	6	547	50
Jun-15	0	0	0	0	0	0	-4	34	0
Spread	Feb-15	Mar-15	Apr-15	May-15	Jun-15	--			
Spot	--								
Feb-15		-210							
Mar-15			-220						
Apr-15				-210					
May-15									
Jun-15					--				

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

* Updated at 5:00 pm on 19 Feb 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		19-Feb-15	18-Feb-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4000	Closed	-
Khandwa	Mech-1	NA	Closed	-
Khargaon	Mech-1	NA	Closed	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4200	4200	Unch
Rajkot	B.T. Cotton	4055	4005	50
Patan	B.T. Cotton	4125	4100	25
Deesa	B.T. Cotton	3690	4000	-310
Muktsar	B.T. Cotton	4185	4200	-15
Fazilika	B.T. Cotton	4250	4210	40
Bhiwani	B.T. Cotton	4125	4100	25
Adampur	B.T. Cotton	4090	4030	60
Fatehabad	B.T. Cotton	4075	4075	Unch
Dabwali	B.T. Cotton	4010	3950	60
Jind	B.T. Cotton	4160	4135	25
Uchana (Jind)	B.T. Cotton	4120	4100	20
Rawatsar (Hanumangarh)	B.T. Cotton	4060	Closed	-
Hubli	B.T. Cotton	4030	NA	-
Hathras	B.T. Cotton(US)	Closed	3500	-
Hanumangarh	B.T. Cotton	4070	Closed	-
	Kapas			
Ahmedabad	Shankar-6	4125	4125	Unch
Gondal	Shankar-6	4055	4025	30
	Kapas			
Jamner (Jalgaon)	Medium Staple	NA	3950	-
Hathras	Desi	Closed	4100	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	3910	NA	-
Raichur	H-44 Cotton	NA	NA	-
Guntur	Un-Ginned	NA	4050	-
Kurnool	Un-Ginned	4250	4250	Unch
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	NA	4000	-
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3350	3315	35
Muktsar	J-34	3350	3310	40
Fazilika	J-34	3350	3310	40
Bhatinda	J-34	3360	3325	35
Mansa	J-34	3330	--	-
Sirsa	J-34	3270	3240	30
Sri-Ganganagar	J-34	3055	--	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		19-Feb-15	18-Feb-15	
Amravati	Mech-1	9700	Closed	-
Khandwa	Mech-1	NA	Closed	-
Khargaone	Mech-1	NA	Closed	-
Mahesana(Kadi)	B.T. Cotton	40000	45000	-5000
Rajkot	B.T. Cotton	3150	4200	-1050
Patan	B.T. Cotton	8825	9635	-810
Deesa	B.T. Cotton	1200	1450	-250
Fazilika	B.T. Cotton	350	200	150
Muktsar	B.T. Cotton	170	170	Unch
Bhiwani	B.T. Cotton	2051	2000	51
Adampur	B.T. Cotton	595	595	Unch
Fatehabad	B.T. Cotton	800	1100	-300
Dabwali	B.T. Cotton	350	750	-400
Jind	B.T. Cotton	221	340	-119
Uchana (Jind)	B.T. Cotton	2000	2000	Unch
Rawatsar (Hanumangarh)	B.T. Cotton	50	Closed	-
Hubli	B.T. Cotton	56	NA	-
Hathras	B.T. Cotton(US)	Closed	NA	-
Hanumangarh	B.T. Cotton	2000	Closed	-
Ahmedabad	Shankar-6	76500	68000	8500
Gondal	Shankar-6	1571	1479	92
Jamner (Jalgaon)	Medium Staple	NA	1320	-
Hathras	Desi	Closed	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	8	NA	-
Raichur	H-44 Cotton	NA	NA	-
Guntur	Un-Ginned	NA	1	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	1	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	850	510	340
Bhatinda	J-34	18700	17000	1700
Mansa	J-34	1190	--	-
Sirsa	J-34	1700	1190	510
Sri-Ganganagar	J-34	1700	--	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				18-Feb-15	16-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	30500	30200	300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	30200	30000	200
Shankar-6(105)	29mm	3.5 - 4.9	28	30900	30700	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	42000	Unch

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

Centre	Unit	Price		Change
		19-Feb-15	18-Feb-15	
Rajkot	Rs. /10 Kg.	555	565	-10
New Delhi	Rs. /10 Kg.			-
Hyderabad	Rs. /10 Kg.	565	570	-5
Mumbai	Rs. /10 Kg.	595	595	Unch

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

Centre	Unit	Price		Change
		19-Feb-15	18-Feb-15	
Mahesana (Kadi)	Rs./Qtl	1494	1496	-2
Akola	Rs./Qtl	1475	1471	4

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 18/2/2015

Cotlook Indices	Cents/Pound	Change
A-Index	70.85	1.00

USDA Cotton Spot Rates: As on 18/2/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	66.07	69.32	3874
North Delta	65.07	67.82	NIL
South Delta	65.07	67.82	5450
East TX-OK	61.00	63.25	2805
West Texas	61.00	63.25	11064
Desert SW	63.32	70.07	NIL
SJ Valley	64.07	73.97	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 18/2/2015

Contract	Open	High	Low	Close	Change
Mar-15	63.69	64.73	63.55	64.62	0.82
May-15	64.53	65.44	64.30	65.32	0.79
Jul-15	64.86	65.75	64.66	65.72	0.86
Oct-15	65.93	66.11	65.93	66.11	0.89
Dec-15	64.88	65.50	64.76	65.47	0.56
Mar-16	64.75	65.22	64.60	65.07	0.37

Pakistan Cotton Spot rates: As on 18/2/2015 (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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