

Domestic Fundamentals:

Market Outlook: Cotton market noticed mostly firm tone.

In The News: Cotton Corporation of India (CCI) will start procurement operation in Tamil nadu from regulated market located at Elamblaur Vadakku Madhavi Road on February 23. Price could be ranged in Rs 3910 to Rs.4450 per quintal depending upon the moisture, yarn length and strength. Cotton with more than 12 percent of moisture will not be procured.

Department of Agriculture & Cooperation (DAC) has raised the cotton production estimates for the season 2014-15 in its second advance estimates. DAC projected cotton production in the country to stand around 351.52 lakh bales which was earlier earlier estimated 346.2 lakh bales in the first advance estimates against the target of 350 lakh bales. According to DAC cotton production during the last season i.e. 2013-14 was around 365.90 lakh bales.

Cotton Corporation of India (CCI) is likely to procure another 5 lakh bales of cotton after crossing the procurement target of 75 lakh bales in the season 2014-15. Although CCI would buy more cotton, the sale operation of the same is not going too well. CCI has sold around 1.35 lakh bales of cotton since the beginning of the operation that is January 27.

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 tones 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.

International Fundamentals:

Cotton price jumped a five month high on Tuesday (Feb 17, 2015) 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	-4.5	766	769	758	760	4435	-1426	8901	74

Spread	Apr-15		
Spot	52	--	--

(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 20 Feb 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-15	-10	15130	15210	15060	15100	906	-312	3203	-531
Mar-15	0	15350	15430	15300	15350	1349	64	5183	619
Apr-15	10	15520	15650	15520	15570	359	-92	2934	174
May-15	-10	15800	15850	15750	15800	85	20	578	31
Jun-15	-70	16060	16060	16000	16000	24	24	53	19

Spread	Feb-15	Mar-15	Apr-15	May-15	Jun-15	--
Spot	--					
Feb-15		-250				
Mar-15			-220			
Apr-15				-230		
May-15					-200	
Jun-15						--

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

* Updated at 5:00 pm on 20 Feb 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		20-Feb-15	19-Feb-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	3980	4000	-20
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4200	4200	Unch
Rajkot	B.T. Cotton	4060	4055	5
Patan	B.T. Cotton	4155	4125	30
Deesa	B.T. Cotton	3970	3690	280
Muktsar	B.T. Cotton	4180	4185	-5
Fazilika	B.T. Cotton	4200	4250	-50
Bhiwani	B.T. Cotton	4100	4125	-25
Adampur	B.T. Cotton	4090	4090	Unch
Fatehabad	B.T. Cotton	4100	4075	25
Dabwali	B.T. Cotton	4050	4010	40
Jind	B.T. Cotton	4200	4160	40
Uchana (Jind)	B.T. Cotton	4135	4120	15
Rawatsar (Hanumangarh)	B.T. Cotton	4100	4060	40
Hubli	B.T. Cotton	4089	4030	59
Hathras	B.T. Cotton(US)	NA	Closed	-
Hanumangarh	B.T. Cotton	4100	4070	30
	Kapas			
Ahmedabad	Shankar-6	4150	4125	25
Gondal	Shankar-6	4045	4055	-10
	Kapas			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	Closed	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	3910	-
Raichur	H-44 Cotton	NA	NA	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	4250	4250	Unch
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	4000	NA	-
	Lint	Rs./Maunder (of 37.32kg each)		
Abohar	J-34	3375	3350	25
Muktsar	J-34	3360	3350	10
Fazilika	J-34	3320	3350	-30

Bhatinda	J-34	3380	3360	20
Mansa	J-34	3360	3330	30
Sirsa	J-34	3290	3270	20
Sri-Ganganagar	J-34	3055	3055	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		20-Feb-15	19-Feb-15	
Amravati	Mech-1	8200	9700	-1500
Khandwa	Mech-1	NA	NA	-
Khargaone	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	40000	40000	Unch
Rajkot	B.T. Cotton	3300	3150	150
Patan	B.T. Cotton	7380	8825	-1445
Deesa	B.T. Cotton	700	1200	-500
Fazilika	B.T. Cotton	300	350	-50
Muktsar	B.T. Cotton	170	170	Unch
Bhiwani	B.T. Cotton	2000	2051	-51
Adampur	B.T. Cotton	595	595	Unch
Fatehabad	B.T. Cotton	1100	800	300
Dabwali	B.T. Cotton	300	350	-50
Jind	B.T. Cotton	136	221	-85
Uchana (Jind)	B.T. Cotton	1000	2000	-1000
Rawatsar (Hanumangarh)	B.T. Cotton	50	50	Unch
Hubli	B.T. Cotton	72	56	16
Hathras	B.T. Cotton(US)	NA	Closed	-
Hanumangarh	B.T. Cotton	2000	2000	Unch
Ahmedabad	Shankar-6	68000	76500	-8500
Gondal	Shankar-6	1745	1571	174
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	Closed	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	8	-
Raichur	H-44 Cotton	NA	NA	-
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	850	-170
Bhatinda	J-34	17000	18700	-1700
Mansa	J-34	1190	1190	Unch
Sirsa	J-34	1700	1700	Unch
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
				19-Feb-15	18-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	30700	30500	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	30400	30200	200
Shankar-6(105)	29mm	3.5 - 4.9	28	31100	30900	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	41500	42000	-500

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

Centre	Unit	Price		Change
		20-Feb-15	19-Feb-15	
Rajkot	Rs. /10 Kg.	560	555	-5
New Delhi	Rs. /10 Kg.	585	590	-5
Hyderabad	Rs. /10 Kg.	585	565	20
Mumbai	Rs. /10 Kg.	592	595	-3

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

Centre	Unit	Price		Change
		20-Feb-15	19-Feb-15	
Mahesana (Kadi)	Rs./Qtl	1505	1494	11
Akola	Rs./Qtl	1486	1475	11

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 19/2/2015

Cotlook Indices	Cents/Pound	Change
A-Index	71.55	0.7

USDA Cotton Spot Rates: As on 19/2/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	65.44	68.69	2746
North Delta	64.44	67.19	NIL
South Delta	64.44	67.19	NIL
East TX-OK	60.25	62.50	6270
West Texas	60.25	62.50	13068
Desert SW	62.69	69.44	NIL
SJ Valley	63.44	73.34	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 19/2/2015

Contract	Open	High	Low	Close	Change
Mar-15	64.63	65.33	64.20	64.44	-0.18
May-15	65.30	65.75	64.39	64.69	-0.63
Jul-15	65.63	66.16	64.84	65.19	-0.53
Oct-15	66.69	66.69	65.82	65.82	-0.29
Dec-15	65.41	65.50	64.44	64.84	-0.63
Mar-16	64.74	64.85	64.05	64.39	-0.68

Pakistan Cotton Spot rates: As on 19/2/2015 (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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