

## Domestic Fundamentals:

**Market Outlook:** Cotton market noticed mixed tone on Monday.

**In The News:** Cotton Corporation of India (CCI) has invited bids to sell 30000 bales of cotton through e-auction to be held on 24<sup>th</sup> February (Tuesday). Major varieties offered for the auction would be BB (Bunny Brahma), J-34, H-4 and S-6 (Shankar-6).

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.

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.

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.

### 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	-15	755.5	756.5	741.5	743.5	5130	695	8986	85

Spread	Apr-15		
Spot	56.5	--	--

(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 23 Feb 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-15	-100	14920	15070	14820	14900	1628	722	2158	-1045
Mar-15	-100	15320	15320	15060	15130	2092	743	5575	392
Apr-15	-60	15490	15530	15310	15400	804	445	3280	346
May-15	-110	15720	15760	15560	15560	117	32	586	8
Jun-15	-60	15920	15920	15840	15840	7	-17	72	19

Spread	Feb-15	Mar-15	Apr-15	May-15	Jun-15	--
Spot	--					
Feb-15		-230				
Mar-15			-270			
Apr-15				-160		
May-15					-280	
Jun-15						

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

\* Updated at 5:00 pm on 23 Feb 2015

**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Market:**

Centre	Variety	Prices		Change
		23-Feb-15	21-Feb-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	3980	3980	Unch
Khandwa	Mech-1	4050	Closed	-
Khargaon	Mech-1	4050	Closed	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4075	4200	-125
Rajkot	B.T. Cotton	4000	4035	-35
Patan	B.T. Cotton	NA	4090	-
Deesa	B.T. Cotton	3900	4025	-125
Muktsar	B.T. Cotton	4185	4200	-15
Fazilika	B.T. Cotton	4250	4230	20
Bhiwani	B.T. Cotton	4120	4150	-30
Adampur	B.T. Cotton	4073	4095	-22
Fatehabad	B.T. Cotton	4070	4075	-5
Dabwali	B.T. Cotton	4025	3950	75
Jind	B.T. Cotton	4191	4165	26
Uchana (Jind)	B.T. Cotton	4096	4140	-44
Rawatsar (Hanumangarh)	B.T. Cotton	NA	4070	-
Hubli	B.T. Cotton	NA	4009	-
Hathras	B.T. Cotton(US)	3000	--	-
Hanumangarh	B.T. Cotton	4150	4150	Unch
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4100	4150	-50
Gondal	Shankar-6	4005	4025	-20
	<b>Kapas</b>			
Jamner (Jalgaon)	Medium Staple	3950	3950	Unch
Hathras	Desi	3800	--	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	4075	-
Guntur	Un-Ginned	NA	4050	-
Kurnool	Un-Ginned	4250	4250	Unch
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	4000	4000	Unch
	<b>Lint</b>	<b>Rs./Maund (of 37.32kg each)</b>		
Abohar	J-34	3370	3365	Unch
Muktsar	J-34	3370	3370	Unch
Fazilika	J-34	3350	3375	-25
Bhatinda	J-34	3385	3375	10
Mansa	J-34	3365	3370	-5
Sirsa	J-34	3290	3290	Unch
Sri-Ganganagar	J-34	3074	3079	-5

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		23-Feb-15	21-Feb-15	
Amravati	Mech-1	6200	6800	<b>-600</b>
Khandwa	Mech-1	700	Closed	-
Khargaone	Mech-1	6000	Closed	-
Mahesana(Kadi)	B.T. Cotton	40000	40000	<b>Unch</b>
Rajkot	B.T. Cotton	1900	2750	<b>-850</b>
Patan	B.T. Cotton	NA	7850	-
Deesa	B.T. Cotton	1100	1025	<b>75</b>
Fazilika	B.T. Cotton	350	200	<b>150</b>
Muktsar	B.T. Cotton	170	170	<b>Unch</b>
Bhiwani	B.T. Cotton	1500	1500	<b>Unch</b>
Adampur	B.T. Cotton	595	680	<b>-85</b>
Fatehabad	B.T. Cotton	750	700	<b>50</b>
Dabwali	B.T. Cotton	300	250	<b>50</b>
Jind	B.T. Cotton	340	170	<b>170</b>
Uchana (Jind)	B.T. Cotton	1000	800	<b>200</b>
Rawatsar (Hanumangarh)	B.T. Cotton	NA	25	-
Hubli	B.T. Cotton	NA	64	-
Hathras	B.T. Cotton(US)	NA	--	-
Hanumangarh	B.T. Cotton	1000	2000	<b>-1000</b>
Ahmedabad	Shankar-6	68000	68000	<b>Unch</b>
Gondal	Shankar-6	985	1505	<b>-520</b>
Jamner (Jalgaon)	Medium Staple	1374	1362	<b>12</b>
Hathras	Desi	NA	--	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	2685	-
Guntur	Un-Ginned	NA	1	-
Kurnool	Un-Ginned	7	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	680	510	<b>170</b>
Bhatinda	J-34	17000	15300	<b>1700</b>
Mansa	J-34	1190	1020	<b>170</b>
Sirsa	J-34	850	1360	<b>-510</b>
Sri-Ganganagar	J-34	850	1190	<b>-340</b>

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				21-Feb-15	20-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	30900	31000	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	30400	30600	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	31100	31300	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33400	33600	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34400	34600	-200
DCH-32(107)	34mm	3.0 - 3.8	33	41000	41500	-500

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

Centre	Unit	Price		Change
		23-Feb-15	21-Feb-15	
Rajkot	Rs. /10 Kg.	555	558	-3
New Delhi	Rs. /10 Kg.	580	585	-5
Hyderabad	Rs. /10 Kg.	570	585	-15
Mumbai	Rs. /10 Kg.	580	590	-10

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

Centre	Unit	Price		Change
		23-Feb-15	21-Feb-15	
Mahesana (Kadi)	Rs./Qtl	1497	Closed	-
Akola	Rs./Qtl	1485	Closed	-

**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

**Cotlook Index: As on 20/2/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	71.05	-0.50

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

**USDA Cotton Spot Rates: As on 20/2/2015**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	65.41	68.66	1428
North Delta	64.41	67.16	NIL
South Delta	64.41	67.16	NIL
East TX-OK	60.25	62.50	2746
West Texas	60.25	62.50	4752
Desert SW	62.66	69.41	NIL
SJ Valley	63.41	73.31	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 20/2/2015**

Contract	Open	High	Low	Close	Change
Mar-15	64.40	64.74	63.97	64.67	0.23
May-15	64.61	64.78	64.08	64.66	-0.03
Jul-15	65.00	65.17	64.51	65.04	-0.15
Oct-15	65.58	65.67	65.58	65.67	-0.15
Dec-15	64.55	65.50	64.29	65.48	0.64
Mar-16	64.95	65.10	64.95	65.04	0.65

**Pakistan Cotton Spot rates: As on 21/2/2015 (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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