

## Domestic Fundamentals:

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

**In The News:** India exported 1.89 lakh bales of cotton last week (06-22 Feb 2015), which was 1.29 lakh previous week (09-15 Feb 2015), according to the data compiled by IBIS. Imports on the other hand stood 0.21 lakh bales last week, which was same i.e. 0.21 lakh bales previous to last week.

Cotton Corporation of India (CCI) procured 20.5 tons of cotton at the regulated market at Elambalur on Monday. Around 71 farmers brought their produce to sell it through maiden auction held by CCI in the area. According to the collector total cotton auctioned for Rs 8.01 lakh and the payment would be made within eight days and next auction in the area would be held on 3 March this year.

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.

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 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.

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.

### International Fundamentals:

ICE cotton fell on Monday following the profit booking by the speculators, after noticing the gains of four consecutive weeks. The most active May contract on ICE weakens by 0.46 cent and settled at 64.20 cents a pound, losing by 0.7 percent.

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	740	747.5	739	746	3423	-1707	8826	-160
Spread	Apr-15								
Spot	59		--		--		--		

(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 24 Feb 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-15	80	14900	14940	14860	14920	820	-808	1458	-700
Mar-15	70	15110	15200	15110	15170	1197	-895	5806	231
Apr-15	70	15390	15450	15370	15430	408	-396	3391	111
May-15	100	15630	15670	15610	15670	40	-77	587	1
Jun-15	30	15840	15900	15840	15900	12	5	78	6
Spread	Feb-15	Mar-15	Apr-15	May-15	Jun-15	--			
Spot	--								
Feb-15		-250							
Mar-15			-260						
Apr-15				-240					
May-15					-230				
Jun-15									

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

\* Updated at 5:00 pm on 24 Feb 2015

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

Centre	Variety	Prices		Change
		24-Feb-15	23-Feb-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4000	3980	20
Khandwa	Mech-1	4050	4050	Unch
Khargaon	Mech-1	4050	4050	Unch
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4200	4075	125
Rajkot	B.T. Cotton	4025	4000	25
Patan	B.T. Cotton	4075	NA	-
Deesa	B.T. Cotton	3900	3900	Unch
Muktsar	B.T. Cotton	4200	4185	15
Fazilika	B.T. Cotton	4270	4250	20
Bhiwani	B.T. Cotton	4125	4120	5
Adampur	B.T. Cotton	4070	4073	-3
Fatehabad	B.T. Cotton	4075	4070	5
Dabwali	B.T. Cotton	3975	4025	-50
Jind	B.T. Cotton	4200	4191	9
Uchana (Jind)	B.T. Cotton	4070	4096	-26
Rawatsar (Hanumangarh)	B.T. Cotton	4025	NA	-
Hubli	B.T. Cotton	NA	4090	-
Hathras	B.T. Cotton(US)	NA	3000	-
Hanumangarh	B.T. Cotton	4150	4150	Unch
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4075	4100	-25
Gondal	Shankar-6	4000	4005	-5
	<b>Kapas</b>			
Jamner (Jalgaon)	Medium Staple	3950	3950	Unch
Hathras	Desi	NA	3800	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	4050	-
Guntur	Un-Ginned	4050	NA	-
Kurnool	Un-Ginned	4250	4250	Unch
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	4050	4000	50
	<b>Lint</b>	<b>Rs./Maund (of 37.32kg each)</b>		
Abohar	J-34	3365	3370	-5
Muktsar	J-34	3365	3370	-5
Fazilika	J-34	3365	3350	15

Bhatinda	J-34	3370	3385	<b>-15</b>
Mansa	J-34	3365	3365	<b>Unch</b>
Sirsa	J-34	3280	3290	<b>-10</b>
Sri-Ganganagar	J-34	3083	3074	<b>9</b>

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		24-Feb-15	23-Feb-15	
Amravati	Mech-1	5300	6200	<b>-900</b>
Khandwa	Mech-1	900	700	<b>200</b>
Khargaone	Mech-1	7000	6000	<b>1000</b>
Mahesana(Kadi)	B.T. Cotton	45000	40000	<b>5000</b>
Rajkot	B.T. Cotton	2050	1900	<b>150</b>
Patan	B.T. Cotton	6515	NA	<b>-</b>
Deesa	B.T. Cotton	2000	1100	<b>900</b>
Fazilika	B.T. Cotton	300	350	<b>-50</b>
Muktsar	B.T. Cotton	170	170	<b>Unch</b>
Bhiwani	B.T. Cotton	1000	1500	<b>-500</b>
Adampur	B.T. Cotton	595	595	<b>Unch</b>
Fatehabad	B.T. Cotton	800	750	<b>50</b>
Dabwali	B.T. Cotton	300	300	<b>Unch</b>
Jind	B.T. Cotton	170	340	<b>-170</b>
Uchana (Jind)	B.T. Cotton	700	1000	<b>-300</b>
Rawatsar (Hanumangarh)	B.T. Cotton	50	NA	<b>-</b>
Hubli	B.T. Cotton	NA	128	<b>-</b>
Hathras	B.T. Cotton(US)	NA	NA	<b>-</b>
Hanumangarh	B.T. Cotton	1000	1000	<b>Unch</b>
Ahmedabad	Shankar-6	59500	68000	<b>-8500</b>
Gondal	Shankar-6	1040	985	<b>55</b>
Jamner (Jalgaon)	Medium Staple	1380	1374	<b>6</b>
Hathras	Desi	NA	NA	<b>-</b>
Bijapur	Bunny	NA	NA	<b>-</b>
Hubli	D.C.H.	NA	NA	<b>-</b>
Raichur	H-44 Cotton	NA	2790	<b>-</b>
Guntur	Un-Ginned	NA	NA	<b>-</b>
Kurnool	Un-Ginned	7.2	7	<b>0.2</b>
Krishna	Un-Ginned	NA	NA	<b>-</b>
East Godavari	Un-Ginned	NA	NA	<b>-</b>

Abohar	J-34	680	680	Unch
Bhatinda	J-34	15300	17000	-1700
Mansa	J-34	1190	1190	Unch
Sirsa	J-34	850	850	Unch
Sri-Ganganagar	J-34	3400	850	2550

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				23-Feb-15	21-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	30800	30900	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	30200	30400	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	30900	31100	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33200	33400	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34200	34400	-200
DCH-32(107)	34mm	3.0 - 3.8	33	40500	41000	-500

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

Centre	Unit	Price		Change
		24-Feb-15	23-Feb-15	
Rajkot	Rs. /10 Kg.	552	555	-3
New Delhi	Rs. /10 Kg.	580	580	Unch
Hyderabad	Rs. /10 Kg.	570	570	Unch
Mumbai	Rs. /10 Kg.	577	580	-3

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

Centre	Unit	Price		Change
		24-Feb-15	23-Feb-15	
Mahesana (Kadi)	Rs./Qtl	1491	1497	-6
Akola	Rs./Qtl	1485	1485	Unch

### 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 23/2/2015

Cotlook Indices	Cents/Pound	Change
A-Index	71.05	Unch

#### USDA Cotton Spot Rates: As on 23/2/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	64.95	68.20	NIL
North Delta	63.95	66.70	NIL
South Delta	63.95	66.70	NIL
East TX-OK	59.75	62.00	418
West Texas	59.75	62.00	2865
Desert SW	62.20	68.95	NIL
SJ Valley	62.95	72.85	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 23/2/2015

Contract	Open	High	Low	Close	Change
Mar-15	65.50	67.55	63.90	64.75	0.08
May-15	64.44	64.67	63.75	64.20	-0.46
Jul-15	64.93	64.95	64.07	64.42	-0.62
Oct-15	65.07	65.07	65.07	65.07	-0.60
Dec-15	65.38	65.40	64.64	65.29	-0.19
Mar-16	64.98	65.30	64.70	65.27	0.23

#### Pakistan Cotton Spot rates: As on 23/2/2015 (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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