

## Domestic Fundamentals:

**Market Outlook:** Cotton market remained steady to firm on Wednesday.

**In The News:** India Rating and Research (Ind-Ra) has downwardly revised the cotton outlook for MY 2015-16. According to Ind-Ra domestic prices in 2015-16 would remain under pressure following the fall in domestic yarn production, unlikely recovery in cotton export and falling of domestic prices below the minimum support prices (MSP). Ind-Ra added that revised cotton reserve policy of China will increase the cotton sales from the country stocks and hence import in China will fall to half in 2015-16. Cotton price (benchmark Shankar-6) will trade between Rs 40-45 per kg and lint will be in the range of Rs 85-100 per kg in the next season. Also, the stock to use ratio would be 12 percent in MY 2015-16 compared to 12.2 percent in the 2014-15.

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) 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 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.

### International Fundamentals:

Besides the huge stockpile of cotton, what making cotton price to fall worldwide is the high internal price of fiber in China, which is forcing mills in the country to opt polyester instead of cotton, which is further creating the demand gap for the cotton in China and worldwide and hence leading to price crash, said the economist of National Cotton Council (NCC).

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	-3.5	749	751	737.5	745	5919	2496	9283	457

Spread	Apr-15		
Spot	66	--	--

(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 25 Feb 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-15	0	14930	15030	14880	14930	490	-330	1129	-329
Mar-15	-30	15200	15260	15120	15170	1746	549	5971	165
Apr-15	-50	15460	15520	15390	15430	322	-86	3567	176
May-15	-70	15680	15750	15650	15650	51	11	588	1
Jun-15	-10	15920	16000	15870	15870	10	-2	86	8

Spread	Feb-15	Mar-15	Apr-15	May-15	Jun-15	--
Spot	--					
Feb-15		-240				
Mar-15			-260			
Apr-15				-220		
May-15					-220	
Jun-15						

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

\* Updated at 5:00 pm on 25 Feb 2015

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

Centre	Variety	Prices		Change
		25-Feb-15	24-Feb-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4000	4000	Unch
Khandwa	Mech-1	4050	4050	Unch
Khargaan	Mech-1	4050	4050	Unch
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4250	4200	50
Rajkot	B.T. Cotton	4055	4025	30
Patan	B.T. Cotton	4105	4075	30
Deesa	B.T. Cotton	3950	3900	50
Muktsar	B.T. Cotton	4200	4200	Unch
Fazilika	B.T. Cotton	NA	4270	-
Bhiwani	B.T. Cotton	4125	4125	Unch
Adampur	B.T. Cotton	4070	4070	Unch
Fatehabad	B.T. Cotton	4100	4075	25
Dabwali	B.T. Cotton	3935	3975	-40
Jind	B.T. Cotton	4178	4200	-22
Uchana (Jind)	B.T. Cotton	4070	4070	Unch
Rawatsar (Hanumangarh)	B.T. Cotton	4051	4025	26
Hubli	B.T. Cotton	3989	4090	-101
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	4150	4150	Unch
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4100	4075	25
Gondal	Shankar-6	4005	4000	5
	<b>Kapas</b>			
Jamner (Jalgaon)	Medium Staple	3950	3950	Unch
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4050	4025	25
Guntur	Un-Ginned	NA	4050	-
Kurnool	Un-Ginned	4250	4250	Unch
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	NA	4050	-
	<b>Lint</b>	<b>Rs./Maund (of 37.32kg each)</b>		
Abohar	J-34	3380	3365	15
Muktsar	J-34	3370	3365	5
Fazilika	J-34	NA	3365	-

Bhatinda	J-34	3390	3370	20
Mansa	J-34	3365	3365	Unch
Sirsa	J-34	3295	3280	15
Sri-Ganganagar	J-34	3074	3083	-9

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		25-Feb-15	24-Feb-15	
Amravati	Mech-1	4800	5300	-500
Khandwa	Mech-1	2000	900	1100
Khargaone	Mech-1	8000	7000	1000
Mahesana(Kadi)	B.T. Cotton	45000	45000	Unch
Rajkot	B.T. Cotton	2630	2050	580
Patan	B.T. Cotton	6215	6515	-300
Deesa	B.T. Cotton	500	2000	-1500
Fazilika	B.T. Cotton	NA	300	-
Muktsar	B.T. Cotton	128	170	-42
Bhiwani	B.T. Cotton	1000	1000	Unch
Adampur	B.T. Cotton	510	595	-85
Fatehabad	B.T. Cotton	250	800	-550
Dabwali	B.T. Cotton	150	300	-150
Jind	B.T. Cotton	85	170	-85
Uchana (Jind)	B.T. Cotton	NA	700	-
Rawatsar (Hanumangarh)	B.T. Cotton	60	50	10
Hubli	B.T. Cotton	22	68	-46
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	600	1000	-400
Ahmedabad	Shankar-6	59500	59500	Unch
Gondal	Shankar-6	1323	1040	283
Jamner (Jalgaon)	Medium Staple	1400	1380	20
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	2602	3420	-818
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	7.2	7.2	Unch
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-

Abohar	J-34	NA	680	-
Bhatinda	J-34	9350	15300	<b>-5950</b>
Mansa	J-34	850	1190	<b>-340</b>
Sirsa	J-34	850	850	<b>Unch</b>
Sri-Ganganagar	J-34	680	3400	<b>-2720</b>

### Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				24-Feb-15	23-Feb-15	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	29800	29800	<b>Unch</b>
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	30300	30300	<b>Unch</b>
J-34(202)	26mm	3.5 - 4.9	23	30800	30800	<b>Unch</b>
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	30100	30200	<b>-100</b>
Shankar-6(105)	29mm	3.5 - 4.9	28	30800	30900	<b>-100</b>
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33100	33200	<b>-100</b>
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34100	34200	<b>-100</b>
DCH-32(107)	34mm	3.0 - 3.8	33	40200	40500	<b>-300</b>

### Cotton Seed Oil Prices

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

Centre	Unit	Price		Change
		25-Feb-15	24-Feb-15	
Rajkot	Rs. /10 Kg.	550	552	<b>-2</b>
New Delhi	Rs. /10 Kg.	582	580	<b>2</b>
Hyderabad	Rs. /10 Kg.	570	570	<b>Unch</b>
Mumbai	Rs. /10 Kg.	575	577	<b>-2</b>

### Cotton Oil Seed Cake Prices

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

Centre	Unit	Price		Change
		25-Feb-15	24-Feb-15	
Mahesana (Kadi)	Rs./Qtl	1506	1491	<b>15</b>
Akola	Rs./Qtl	1500	1485	<b>15</b>

## INTERNATIONAL PRICES AND INDICES

### China Cotton Index: As on 25/2/2015

Index	RMB/Ton	Change
CCIndex(328)	13443	1
CCIndex(527)	12425	0
CCIndex(229)	14167	1

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

### Cotlook Index: As on 24/2/2015

Cotlook Indices	Cents/Pound	Change
A-Index	70.55	-0.5

### USDA Cotton Spot Rates: As on 24/2/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	65.16	68.41	404
North Delta	64.16	66.91	NIL
South Delta	64.16	66.91	NIL
East TX-OK	60.50	62.75	2086
West Texas	60.50	62.75	6296
Desert SW	62.91	69.66	NIL
SJ Valley	63.66	73.56	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 24/2/2015

Contract	Open	High	Low	Close	Change
Mar-15	64.75	65.49	64.75	64.76	0.01
May-15	64.17	65.13	64.17	64.91	0.71
Jul-15	64.59	65.45	64.44	65.35	0.93
Oct-15	65.41	65.91	65.41	65.91	0.84
Dec-15	65.40	65.90	65.30	65.82	0.53
Mar-16	65.30	65.58	65.29	65.53	0.26

### Pakistan Cotton Spot rates: As on 24/2/2015 (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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