

## Domestic Fundamentals:

**Market Outlook:** Cotton market noticed mostly weak tone.

### **In The News:**

**Online Platforms to Sale Agri-Produce-**The Department of Agriculture and Cooperation (DAC) has approved a Central Sector Scheme on 'Promotion of National Agricultural Market through Agri-Tech Infrastructure Fund (ATIF) for Rs.200 crores to be implemented during 2014-15 to 2016-17. The scheme aims to create an appropriate e-market platform that would be deployable in wholesale regulated markets across States and Union Territories (UTs). The platform will enable development of an alternative marketing channel, enhance transparency in auction process and number of buyers, resolve information asymmetry, improve market access by integrating warehouse based sales and will facilitate migration towards a barrier free National Market. The scheme, would facilitate setting up of a competitive and transparent system, reduce the role of middlemen and unfair trade practices in the marketing of agricultural produce and thereby enable farmers to get better prices for their produce. (Source-PIB)

**FMC to be Merged with SEBI-**The Union Finance Minister Shri Arun Jaitley has proposed to merge the Forwards Markets Commission(FMC) with SEBI to strengthen regulation of commodity forward markets and reduce wild speculation. Enabling legislation, amending the Government Securities Act and the RBI Act is proposed in the Finance Bill, 2015. It has also been proposed to amend through the Finance Bill, Section 6 of FEMA to provide that control on capital flows as equity will be exercised by the Government, in consultation with the RBI.

**8.5 Lakh Crore of Agricultural Credit Target in 2015-16-** The Finance Minister, Shri Arun Jaitley presenting the Union Budget 2015-16 has said that "Farm credit underpins the efforts of our hard-working farmers, therefore an ambitious target of Rs. 8.5 lakh crore of credit during the year 2015-16. He supported the agriculture sector with the help of effective and hassle-free agriculture credit, with a special focus on small and marginal farmers. Shri Jaitley proposed the Budget allocation of Rs. 25,000 crore in 2015-16 to the corpus of Rural Infrastructure Development Fund (RIDF) set up in NABARD; Rs. 15,000 crore for Long Term Rural Credit Fund; Rs. 45,000 crore for Short Term Cooperative Rural Credit Refinance Fund; and Rs. 15,000 crore for Short Term RRB Refinance Fund.

Cotton Corporation of India (CCI) offered 26700 bales of cotton for sale through e-auction. Major varieties offered were Bunny Brahma (BB), H-4 and Shankar-6 (S-6).

Cotton production in India could fall by 4.28 percent in the next season to 6.48 million tons compared to 6.77 million tons in the current season, said International Cotton Advisory Committee (ICAC).

Despite the lower output, cotton export from India is expected to rise in 2015-16. According to ICAC, cotton exports from India in 2015-16 would be around 1.41 million tons around 30.56% higher when compared to the export of current season which would be around 1.08 million tons. The causes of this significant change in Indian cotton exports are basically the fall in cotton production in China and the world, higher import demand from China and lower world ending stocks.

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.

### **International Fundamentals:**

World cotton production is expected to be around 24.41 million tons in 2015-16 around 7.4 percent lower when compared to the production of current season which is likely to stand around 26.36 million tons, said International Cotton Advisory Committee (ICAC).

Following the lower production and higher consumption, ending stocks of cotton on the global front is likely to decline for the first time in the last five year. According to ICAC, Ending stocks is expected to fall to 21.39 million tons in 2015-16, around 1.16% lower when compared to the expected inventory of 21.64 million tons by the end of current season.

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).

### **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	754.5	761	748	751	3426	1067	9803	-84

Spread	Apr-15		
Spot	53	--	--

(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 28 Feb 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-15	40	15170	15280	15100	15200	650	279	6382	5622
Apr-15	30	15440	15530	15360	15440	90	-730	3693	-2742
May-15	-50	15580	15670	15580	15620	4	-193	661	-2987
Jun-15	-40	15850	15860	15850	15860	2	-3	114	-530

Spread	Mar-15	Apr-15	May-15	Jun-15	Jul-15	--
Spot						
Mar-15		-240				
Apr-15			-180			
May-15				-240		
Jun-15						
Jul-15						

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

\* Updated at 5:00 pm on 28 Feb 2015

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

Centre	Variety	Prices		Change
		28-Feb-15	27-Feb-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4040	4025	15
Khandwa	Mech-1	NA	4050	-
Khargaon	Mech-1	NA	4050	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4300	4200	100
Rajkot	B.T. Cotton	4020	4055	-35
Patan	B.T. Cotton	4100	4105	-5
Deesa	B.T. Cotton	3950	3950	Unch
Dhrol	B.T. Cotton	NA	4070	-
Muktsar	B.T. Cotton	4200	4200	Unch
Fazilika	B.T. Cotton	NA	4250	-
Bhiwani	B.T. Cotton	4150	4180	-30
Adampur	B.T. Cotton	4100	4125	-25
Fatehabad	B.T. Cotton	4105	4110	-5
Dabwali	B.T. Cotton	4050	4050	Unch
Jind	B.T. Cotton	4225	4250	-25
Uchana (Jind)	B.T. Cotton	4114	4115	-1
Rawatsar (Hanumangarh)	B.T. Cotton	4070	4100	-30
Hubli	B.T. Cotton	3970	NA	-
Hathras	B.T. Cotton(US)	3000	3000	Unch
Hanumangarh	B.T. Cotton	4200	4200	Unch
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4050	4100	-50
Gondal	Shankar-6	4000	4025	-25
	<b>Kapas</b>			
Jamner (Jalgaon)	Medium Staple	3950	3950	Unch
Hathras	Desi	3500	3500	Unch
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4000	4000	Unch
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	4250	4250	Unch
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	4000	4000	Unch

	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3410	3405	5
Muktsar	J-34	3410	3405	5
Fazilika	J-34	NA	3415	-
Bhatinda	J-34	3420	3420	Unch
Mansa	J-34	3390	3400	-10
Sirsa	J-34	3320	3325	-5
Sri-Ganganagar	J-34	NA	3083	-

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		28-Feb-15	27-Feb-15	
Amravati	Mech-1	3200	3600	-400
Khandwa	Mech-1	NA	2000	-
Khargaone	Mech-1	NA	6000	-
Mahesana(Kadi)	B.T. Cotton	25000	40000	-15000
Rajkot	B.T. Cotton	2450	2410	40
Patan	B.T. Cotton	5475	5405	70
Deesa	B.T. Cotton	250	500	-250
Dhrol	B.T. Cotton	NA	525	-
Fazilika	B.T. Cotton	NA	300	-
Muktsar	B.T. Cotton	170	170	Unch
Bhiwani	B.T. Cotton	2500	1500	1000
Adampur	B.T. Cotton	510	510	Unch
Fatehabad	B.T. Cotton	1000	1000	Unch
Dabwali	B.T. Cotton	350	650	-300
Jind	B.T. Cotton	340	255	85
Uchana (Jind)	B.T. Cotton	1500	1500	Unch
Rawatsar (Hanumangarh)	B.T. Cotton	50	20	30
Hubli	B.T. Cotton	80	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	400	700	-300
Ahmedabad	Shankar-6	59500	59500	Unch
Gondal	Shankar-6	1048	1566	-518
Jamner (Jalgaon)	Medium Staple	1300	1320	-20
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-

Raichur	H-44 Cotton	1785	2325	<b>-540</b>
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	7.2	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	510	680	<b>-170</b>
Bhatinda	J-34	17000	17000	<b>Unch</b>
Mansa	J-34	850	680	<b>170</b>
Sirsa	J-34	1020	1360	<b>-340</b>
Sri-Ganganagar	J-34	NA	1530	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				27-Feb-15	26-Feb-15	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	30100	29900	<b>200</b>
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	30600	30400	<b>200</b>
J-34(202)	26mm	3.5 - 4.9	23	31100	30900	<b>200</b>
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	30200	30300	<b>-100</b>
Shankar-6(105)	29mm	3.5 - 4.9	28	30900	31000	<b>-100</b>
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33200	33300	<b>-100</b>
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34200	34300	<b>-100</b>
DCH-32(107)	34mm	3.0 - 3.8	33	39500	40200	<b>-700</b>

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

Centre	Unit	Price		Change
		28-Feb-15	27-Feb-15	
Rajkot	Rs. /10 Kg.	557	557	<b>Unch</b>
New Delhi	Rs. /10 Kg.	585	585	<b>Unch</b>
Hyderabad	Rs. /10 Kg.	580	580	<b>Unch</b>
Mumbai	Rs. /10 Kg.	582	582	<b>Unch</b>

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

Centre	Unit	Price		Change
		28-Feb-15	27-Feb-15	
Mahesana (Kadi)	Rs./Qtl	1514	1511	<b>3</b>
Akola	Rs./Qtl	1500	1500	<b>Unch</b>

### INTERNATIONAL PRICES AND INDICES

#### China Cotton Index: As on 28/2/2015

Index	RMB/Ton	Change
CCIndex(328)	13449	2
CCIndex(527)	12428	0
CCIndex(229)	14181	5

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

#### Cotlook Index: As on 27/2/2015

Cotlook Indices	Cents/Pound	Change
A-Index	71.50	-0.25

#### USDA Cotton Spot Rates: As on 27/2/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	65.18	68.43	1305
North Delta	64.18	66.93	NIL
South Delta	64.18	66.93	NIL
East TX-OK	60.25	62.50	1790
West Texas	60.25	62.50	2882
Desert SW	62.68	69.18	3900
SJ Valley	63.68	73.58	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 27/2/2015

Contract	Open	High	Low	Close	Change
Mar-15	65.10	65.35	64.00	64.73	-0.44
May-15	65.07	65.49	63.58	64.93	-0.28
Jul-15	65.52	65.81	64.08	65.22	-0.42
Oct-15	66.12	66.12	64.93	65.85	-0.27
Dec-15	65.74	65.89	64.50	65.85	0.05
Mar-16	65.11	65.84	64.31	65.84	0.39

#### Pakistan Cotton Spot rates: As on 27/2/2015 (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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