

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone on Monday.

In The News: Union Budget has upset the textile industry by announcing the allocation of Rs 1,520 crore as Technology Upgradation Fund Scheme (TUFS) for year 2015-16, which was Rs 1,864 crore in 2014-15. Also budget has not considered any of demand proposed by the textile industry which includes the reduction in excise duty, removal of anti dumping duty, interest rate cap at 7% for exporter etc.

No relief has been announced in the Union Budget for the three million distressed dry land farmers of Vidarbha who all are growing cash crop including cotton and soybean, said Vidarbha Jan Andolan Smiti (VJAS).

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.

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	-2	750.5	754.5	747.5	750	2002	-357	10263	376
Spread	Apr-15								
Spot	61				--		--		

(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 02 March 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-15	-70	15120	15200	15100	15130	854	34	6207	-228
Apr-15	-80	15410	15440	15350	15360	463	266	3751	103
May-15	-10	15630	15640	15610	15610	6	1	663	19
Jun-15	-30	15860	15860	15830	15830	5	2	113	8
Spread	Mar-15	Apr-15	May-15	Jun-15	--		--		
Spot	--								
Mar-15		-230							
Apr-15			-250						
May-15				-220					
Jun-15									
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(NB: Spread Basis = Spot- Near Month Future)
 * Updated at 5:00 pm on 02 March 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		2-Mar-15	28-Feb-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4050	4040	10
Khandwa	Mech-1	4050	NA	-
Khargaon	Mech-1	4050	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4200	4300	-100
Rajkot	B.T. Cotton	4035	4020	15
Patan	B.T. Cotton	4060	4100	-40
Deesa	B.T. Cotton	4025	3950	75
Dhrol	B.T. Cotton	NA	4050	-
Muktsar	B.T. Cotton	4200	4200	Unch
Fazilika	B.T. Cotton	4250	NA	-
Bhiwani	B.T. Cotton	4150	4150	Unch
Adampur	B.T. Cotton	4100	4100	Unch
Fatehabad	B.T. Cotton	4110	4105	5
Dabwali	B.T. Cotton	NA	4050	-
Jind	B.T. Cotton	NA	4225	-
Uchana (Jind)	B.T. Cotton	NA	4114	-
Rawatsar (Hanumangarh)	B.T. Cotton	4100	4070	30
Hubli	B.T. Cotton	NA	3970	-
Hathras	B.T. Cotton(US)	3000	3000	Unch
Hanumangarh	B.T. Cotton	NA	4200	-
	Kapas			
Ahmedabad	Shankar-6	4075	4050	25
Gondal	Shankar-6	4005	4000	5
	Kapas			
Jamner (Jalgaon)	Medium Staple	3850	3950	-100
Hathras	Desi	3500	3500	
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	4000	-
Guntur	Un-Ginned	4050	NA	-
Kurnool	Un-Ginned	4250	4250	Unch
Krishna	Un-Ginned	NA	4050	-
East Godavari	Un-Ginned	NA	4000	-
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	3425	3410	15
Muktsar	J-34	3410	3410	Unch

Fazilika	J-34	4250	NA	-
Bhatinda	J-34	3420	3420	Unch
Mansa	J-34	3400	3390	10
Sirsa	J-34	3300	3320	-20
Sri-Ganganagar	J-34	3083	NA	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		2-Mar-15	28-Feb-15	
Amravati	Mech-1	3300	3200	100
Khandwa	Mech-1	1000	NA	-
Khargaone	Mech-1	6000	NA	-
Mahesana(Kadi)	B.T. Cotton	15000	25000	-10000
Rajkot	B.T. Cotton	840	2450	-1610
Patan	B.T. Cotton	4474	5475	-1001
Deesa	B.T. Cotton	1200	250	950
Dhrol	B.T. Cotton	NA	393	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	119	170	-51
Bhiwani	B.T. Cotton	1500	2500	-1000
Adampur	B.T. Cotton	425	510	-85
Fatehabad	B.T. Cotton	NA	1000	-
Dabwali	B.T. Cotton	NA	350	-
Jind	B.T. Cotton	NA	340	-
Uchana (Jind)	B.T. Cotton	NA	1500	-
Rawatsar (Hanumangarh)	B.T. Cotton	50	50	Unch
Hubli	B.T. Cotton	NA	80	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	400	-
Ahmedabad	Shankar-6	42500	59500	-17000
Gondal	Shankar-6	501	1048	-547
Jamner (Jalgaon)	Medium Staple	1282	1300	-18
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	1785	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-

East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	3425	510	2915
Bhatinda	J-34	NA	17000	-
Mansa	J-34	425	850	-425
Sirsa	J-34	NA	1020	-
Sri-Ganganagar	J-34	1530	NA	-

Cotton Association of India Spot Rates:

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

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

Centre	Unit	Price		Change
		2-Mar-15	28-Feb-15	
Rajkot	Rs. /10 Kg.	560	557	3
New Delhi	Rs. /10 Kg.	585	585	Unch
Hyderabad	Rs. /10 Kg.	580	580	Unch
Mumbai	Rs. /10 Kg.	584	582	2

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

Centre	Unit	Price		Change
		2-Mar-15	28-Feb-15	
Mahesana (Kadi)	Rs./Qtl	1533	1514	19
Akola	Rs./Qtl	1508	1500	8

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 2/3/2015

Index	RMB/Ton	Change
CCIndex(328)	13456	7
CCIndex(527)	12427	-1
CCIndex(229)	14186	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 28/2/2015 (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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