

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone.

In The News: According to the IBIS data, cumulative exports this season during the period of Oct'14-Feb'15 stood 32.2 lakh bales, around 58.05% lower when compared to the export during the same period last season, which was 76.7 lakh bales. Imports on the other hand recorded on the higher side during the initial months of the seasons. Cumulative Import for the period of Oct'14-Feb'15 remained 4.88 lakh bales which was 2.4 lakh bales in the previous season during the same period.

In this season, The Cotton Corporation of India (CCI) is likely to meet or even cross the record procurement figure of 2009, when it had purchased 89 lakh bales. CCI has so far procured more than 8 million bales, which is 20% of the total crop expected for the cotton year (October-September) 2014-15, exceeding its earlier target of 75 lakh bales. Meanwhile, sale operations of CCI have not picked up as anticipated and till date it has sold some 2.5 to 3 lakh bales. Procurement has slowed down in the last 15 days owing to reduced arrivals on the back of unseasonal rains. As against normal procurement of 2 lakh bales a day, CCI is now procuring some 1-1.5 lakh bales a day.

Cotton production in India could fall by 4.28 percent in the next season i.e. 2015-16 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 16.82% higher when compared to the export of current season which would be around 1.207 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 in 2015-16.

Government of Madhya Pradesh has decided to lower the mandi tax levied on cotton grown in the state to 1% which was 2% earlier. It should be noted that state generate the revenue of Rs 50 crore approximately by levying the 2% mandi tax on cotton but to safeguard the interest of farmers, state has decided to cut the same to half to 1%.

India exported 2.34 lakh bales of cotton last week (23 Feb-01 Mar 2015), which was 1.89 lakh previous week (06-22 Feb 2015), according to the data compiled by IBIS. Imports on the other hand stood 0.09 lakh bales last week, which was same i.e. 0.21 lakh bales previous to last week.

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.

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.

International Fundamentals:

According to International cotton advisory committee (ICAC) cotton production would be around 24.56 million tons in 2015-16, whereas consumption would stand around 24.69 million tons, surpassing the production. The same situation would not lead to supply deficit as the total supply i.e. production and opening stocks would be around 46.07 million tons in 2015-16 which is likely to be around 45.79 million tons in the current season.

Cotton export during season 2015-16 would be around 7.84 million tones approximately 4.21% higher when compared to 7.523 million tons in current season.

World cotton production is expected to be around 24.56 million tons in 2015-16 around 6.5 percent lower when compared to the production of current season which is likely to stand around 26.28 million tons, said International Cotton Advisory Committee (ICAC).

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	743.5	745	741	741.5	1060	-1258	10620	150
Spread	Apr-15								
Spot	57.5				--		--		

(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 05 March 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-15	-20	14980	14980	14920	14960	593	-562	5385	-289
Apr-15	-10	15200	15220	15150	15210	340	-215	3860	0
May-15	-10	15470	15470	15390	15450	218	167	761	67
Jun-15	-50	15670	15710	15660	15710	42	42	107	-15
Spread	Mar-15	Apr-15	May-15	Jun-15	--		--		
Spot	--								
Mar-15		-250							
Apr-15			-240						
May-15				-260					
Jun-15									
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(NB: Spread Basis = Spot- Near Month Future)

* Updated at 5:00 pm on 05 March 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		7-Mar-15	5-Mar-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	NA	4030	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4100	4200	-100
Rajkot	B.T. Cotton	4000	3995	5
Patan	B.T. Cotton	4060	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	4000	-
Muktsar	B.T. Cotton	4210	4220	-10
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4150	4150	Unch
Adampur	B.T. Cotton	4070	4075	-5
Fatehabad	B.T. Cotton	NA	4075	-
Dabwali	B.T. Cotton	NA	NA	-
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	NA	NA	-
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
	Kapas			
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	3955	3975	-20
	Kapas			
Jamner (Jalgaon)	Medium Staple	3850	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	NA	-
Guntur	Un-Ginned	4050	4030	20
Kurnool	Un-Ginned	4250	4200	50
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	4050	-
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3400	3400	Unch
Muktsar	J-34	3400	3400	Unch
Fazilika	J-34	NA	NA	-

Bhatinda	J-34	3405	3405	Unch
Mansa	J-34	3390	3385	5
Sirsa	J-34	NA	3315	-
Sri-Ganganagar	J-34	NA	3055	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		7-Mar-15	5-Mar-15	
Amravati	Mech-1	NA	1300	-
Khandwa	Mech-1	NA	NA	-
Khargaone	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	35000	10000	25000
Rajkot	B.T. Cotton	600	1700	-1100
Patan	B.T. Cotton	3020	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	47	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	680	85	595
Bhiwani	B.T. Cotton	2000	1500	500
Adampur	B.T. Cotton	4070	340	3730
Fatehabad	B.T. Cotton	NA	250	-
Dabwali	B.T. Cotton	NA	NA	-
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	NA	NA	-
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	328	481	-153
Jamner (Jalgaon)	Medium Staple	1105	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	NA	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	7	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-

Abohar	J-34	340	680	-340
Bhatinda	J-34	NA	4250	-
Mansa	J-34	340	680	-340
Sirsa	J-34	NA	680	-
Sri-Ganganagar	J-34	NA	850	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				5-Mar-15	4-Mar-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	30100	30200	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	30800	30900	-100
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
		7-Mar-15	5-Mar-15	
Rajkot	Rs. /10 Kg.	525	525	Unch
New Delhi	Rs. /10 Kg.	575	575	Unch
Hyderabad	Rs. /10 Kg.	550	570	-20
Mumbai	Rs. /10 Kg.	580	580	Unch

Cotton Oil Seed Cake Prices

Cotton Seed Oil Cake Prices at Key Centers:

Centre	Unit	Price		Change
		7-Mar-15	5-Mar-15	
Mahesana (Kadi)	Rs./Qtl	NA	1523	-
Akola	Rs./Qtl	NA	1500	-

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 6/3/2015

Index	RMB/Ton	Change
CCIndex(328)	13478	3
CCIndex(527)	12437	6
CCIndex(229)	14200	Unch

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

Cotlook Index: As on 5/3/2015

Cotlook Indices	Cents/Pound	Change
A-Index	70.15	-0.10

USDA Cotton Spot Rates: As on 6/3/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	63.22	66.47	957
North Delta	62.22	64.97	400
South Delta	62.22	64.97	NIL
East TX-OK	58.25	60.50	1895
West Texas	58.25	60.50	1684
Desert SW	60.72	67.22	NIL
SJ Valley	61.72	71.62	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 6/3/2015

Contract	Open	High	Low	Close	Change
Mar-15	62.50	62.95	62.11	62.95	0
May-15	63.12	63.29	62.50	62.97	-0.26
Jul-15	63.40	63.51	62.81	63.37	0
Oct-15	63.75	63.96	63.59	63.96	-0.21
Dec-15	64.56	64.70	64.02	64.57	-0.17
Mar-16	64.50	64.57	64.00	64.57	-0.25

Pakistan Cotton Spot rates: As on 6/3/2015 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5000	150	5150
Equivalent	40 Kgs	5358	160	5518

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