

## Domestic Fundamentals:

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

**In The News:** Cotton Corporation of India (CCI) invited bids to sell 11600 FP bales of cotton through e-auction on 10-Mar-2015. Variety offered majorly was BB (Bunny Brahma) followed by H-6 and Shankar-6.

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.

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.

### 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	4.5	745	752	743.5	749	1813	304	9922	-369
Spread	Apr-15								
Spot	51				--		--		

(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 10 March 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-15	10	14940	14970	14890	14940	269	-306	5289	-52
Apr-15	10	15180	15210	15130	15180	164	-74	3796	-55
May-15	-10	15430	15450	15400	15430	115	-17	858	61
Jun-15	-10	15700	15700	15640	15680	25	23	115	8
Spread	Mar-15	Apr-15	May-15	Jun-15	--		--		
Spot	--								
Mar-15		-240							
Apr-15			-250						
May-15				-250					
Jun-15									
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(NB: Spread Basis = Spot- Near Month Future)

\* Updated at 5:00 pm on 10 March 2015

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

Centre	Variety	Prices		Change
		10-Mar-15	9-Mar-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4010	4000	10
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4200	4200	Unch
Rajkot	B.T. Cotton	4000	3995	5
Patan	B.T. Cotton	4095	4115	-20
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	4035	4005	30
Muktsar	B.T. Cotton	4230	4200	30
Fazilika	B.T. Cotton	4175	NA	-
Bhiwani	B.T. Cotton	4180	4160	20
Adampur	B.T. Cotton	4070	4065	5
Fatehabad	B.T. Cotton	4100	3975	125
Dabwali	B.T. Cotton	4050	4050	Unch
Jind	B.T. Cotton	4000	4053	-53
Uchana (Jind)	B.T. Cotton	4074	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	4100	NA	-
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	4150	-
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4100	4100	Unch
Gondal	Shankar-6	3985	3965	20
	<b>Kapas</b>			
Jamner (Jalgaon)	Medium Staple	NA	3850	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	3995	4000	-5
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4250	4200	50
Krishna	Un-Ginned	4030	4050	-20
East Godavari	Un-Ginned	NA	4000	-
	<b>Lint</b>	<b>Rs./Maund (of 37.32kg each)</b>		
Abohar	J-34	3405	3400	5
Muktsar	J-34	3400	3400	Unch
Fazilika	J-34	3405	NA	-

Bhatinda	J-34	3415	3410	5
Mansa	J-34	3395	3385	10
Sirsa	J-34	3320	3315	5
Sri-Ganganagar	J-34	3116	3112	4

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		10-Mar-15	9-Mar-15	
Amravati	Mech-1	2000	1800	200
Khandwa	Mech-1	NA	NA	-
Khargaone	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	20000	20000	Unch
Rajkot	B.T. Cotton	1200	1600	-400
Patan	B.T. Cotton	5910	5420	490
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	202	196	6
Fazilika	B.T. Cotton	300	NA	-
Muktsar	B.T. Cotton	119	340	-221
Bhiwani	B.T. Cotton	1500	2000	-500
Adampur	B.T. Cotton	425	425	Unch
Fatehabad	B.T. Cotton	700	200	500
Dabwali	B.T. Cotton	600	350	250
Jind	B.T. Cotton	34	51	-17
Uchana (Jind)	B.T. Cotton	490	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	40	NA	-
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	500	-
Ahmedabad	Shankar-6	56100	59500	-3400
Gondal	Shankar-6	579	1271	-692
Jamner (Jalgaon)	Medium Staple	NA	1090	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	1852	2595	-743
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	7.2	15.2	-8
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-

Abohar	J-34	425	425	Unch
Bhatinda	J-34	10200	10200	Unch
Mansa	J-34	425	340	85
Sirsa	J-34	850	595	255
Sri-Ganganagar	J-34	1700	1700	Unch

### Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				9-Mar-15	7-Mar-15	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	30300	30100	200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	30800	30600	200
J-34(202)	26mm	3.5 - 4.9	23	31100	31100	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	30000	30100	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	30700	30800	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33100	33200	-100
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
		10-Mar-15	9-Mar-15	
Rajkot	Rs. /10 Kg.	543	550	-7
New Delhi	Rs. /10 Kg.	560	565	-5
Hyderabad	Rs. /10 Kg.	565	570	-5
Mumbai	Rs. /10 Kg.	572	578	-6

### Cotton Oil Seed Cake Prices

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

Centre	Unit	Price		Change
		10-Mar-15	9-Mar-15	
Mahesana (Kadi)	Rs./Qtl	1531	1529	2
Akola	Rs./Qtl	1510	1510	Unch

## INTERNATIONAL PRICES AND INDICES

### China Cotton Index: As on 9/3/2015

Index	RMB/Ton	Change
CCIndex(328)	13473	-2
CCIndex(527)	12433	-2
CCIndex(229)	14193	-2

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

### Cotlook Index: As on 9/3/2015

Cotlook Indices	Cents/Pound	Change
A-Index	69.60	-0.25

### USDA Cotton Spot Rates: As on 9/3/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.50	65.75	581
North Delta	61.50	64.25	NIL
South Delta	61.50	64.25	NIL
East TX-OK	57.75	60.00	1340
West Texas	57.75	60.00	2175
Desert SW	60.00	66.50	103
SJ Valley	61.00	70.90	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 9/3/2015

Contract	Open	High	Low	Close	Change
Mar-15	61.92	61.92	61.92	61.92	-1.03
May-15	62.75	63.14	62.05	62.25	-0.72
Jul-15	63.05	63.45	62.55	62.78	-0.59
Oct-15	63.48	63.48	63.24	63.25	-0.71
Dec-15	64.22	64.55	63.56	63.95	-0.62
Mar-16	64.24	64.39	63.61	64.10	-0.47

### Pakistan Cotton Spot rates: As on 9/3/2015 (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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