

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone on Wednesday.

In The News: India exported 1.70 lakh bales of cotton last week (02-08 Mar 2015), which was 2.34 lakh bales previous to last week (23 Feb-01 Mar 2015), according to the data compiled by IBIS. Imports on the other hand stood 0.16 lakh bales last week, which was 0.09 lakh bales previous to last week.

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%.

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:

Cotton future price at ICE hit more than one month low on 10 Mar (Tuesday) following the higher stocks and lower China's demand casted by USDA in its monthly report. USDA in its latest world supply and demand report, estimated world cotton inventory to be around 23.96 million tonnes by the end of current season which was earlier estimated 23.914 million tonnes previous month. USDA has also lowered the China cotton consumption to 7.620

million tonnes this month which was earlier estimated 7.729 million tonnes previous month. Most active May contract on ICE settled at 60.87 cents/pound, the lowest since February 05, 2015.

USDA has lowered the cotton production estimates at 25.962 million tonnes this month compared to 25.991 million tones, which was projected previous month for season 2014-15. Cotton output on the global front during the season 2014-15 would be 1% lower when compared to output of previous season which was 26.223 million tonnes.

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	6	745	753.5	745	752	2198	385	9643	-279
Spread	Apr-15								
Spot	48				--		--		

(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 11 March 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-15	20	14810	14880	14790	14850	450	181	5146	-143
Apr-15	0	15050	15130	15040	15090	425	261	4039	243
May-15	-10	15330	15370	15300	15320	201	86	1021	163
Jun-15	-60	15560	15600	15550	15580	38	13	145	30
Spread	Mar-15	Apr-15	May-15	Jun-15	--		--		
Spot	--								
Mar-15		-240							
Apr-15			-230						
May-15				-260					
Jun-15									
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(NB: Spread Basis = Spot- Near Month Future)

* Updated at 5:00 pm on 11 March 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		11-Mar-15	10-Mar-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4000	4010	-10
Khandwa	Mech-1	4000	NA	-
Khargaon	Mech-1	4050	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4150	4200	-50
Rajkot	B.T. Cotton	4000	4000	Unch
Patan	B.T. Cotton	4105	4095	10
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	3995	4035	-40
Muktsar	B.T. Cotton	4200	4230	-30
Fazilika	B.T. Cotton	NA	4175	-
Bhiwani	B.T. Cotton	4180	4180	Unch
Adampur	B.T. Cotton	4090	4070	20
Fatehabad	B.T. Cotton	4085	4100	-15
Dabwali	B.T. Cotton	4050	4050	Unch
Jind	B.T. Cotton	NA	4000	-
Uchana (Jind)	B.T. Cotton	4084	4074	10
Rawatsar (Hanumangarh)	B.T. Cotton	4070	4100	-30
Hubli	B.T. Cotton	NA	3939	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
	Kapas			
Ahmedabad	Shankar-6	4075	4100	-25
Gondal	Shankar-6	3975	3985	-10
	Kapas			
Jamner (Jalgaon)	Medium Staple	3850	3850	
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4020	3995	25
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	NA	4250	-
Krishna	Un-Ginned	4050	4030	20
East Godavari	Un-Ginned	4050	NA	-

	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3400	3405	-5
Muktsar	J-34	3400	3400	Unch
Fazilika	J-34	NA	3405	-
Bhatinda	J-34	3420	3415	5
Mansa	J-34	3400	3395	5
Sirsa	J-34	3330	3320	10
Sri-Ganganagar	J-34	3116	3116	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		11-Mar-15	10-Mar-15	
Amravati	Mech-1	1600	2000	-400
Khandwa	Mech-1	400	NA	-
Khargaone	Mech-1	5000	NA	-
Mahesana(Kadi)	B.T. Cotton	35000	20000	15000
Rajkot	B.T. Cotton	2000	1200	800
Patan	B.T. Cotton	6153	5910	243
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	151	202	-51
Fazilika	B.T. Cotton	NA	300	-
Muktsar	B.T. Cotton	170	119	51
Bhiwani	B.T. Cotton	2000	1500	500
Adampur	B.T. Cotton	425	425	Unch
Fatehabad	B.T. Cotton	900	700	200
Dabwali	B.T. Cotton	750	600	150
Jind	B.T. Cotton	NA	34	-
Uchana (Jind)	B.T. Cotton	1320	490	830
Rawatsar (Hanumangarh)	B.T. Cotton	50	40	10
Hubli	B.T. Cotton	NA	74	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
Ahmedabad	Shankar-6	51000	56100	-5100
Gondal	Shankar-6	989	579	410
Jamner (Jalgaon)	Medium Staple	1030	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-

Raichur	H-44 Cotton	1297	1852	-555
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	680	425	255
Bhatinda	J-34	11900	10200	1700
Mansa	J-34	425	425	Unch
Sirsa	J-34	850	850	Unch
Sri-Ganganagar	J-34	2550	1700	850

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				10-Mar-15	9-Mar-15	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	30300	30300	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	30800	30800	Unch
J-34(202)	26mm	3.5 - 4.9	23	31100	31100	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	30000	30000	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	30700	30700	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33100	33100	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34200	34200	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	39200	39500	-300

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

Centre	Unit	Price		Change
		11-Mar-15	10-Mar-15	
Rajkot	Rs. /10 Kg.	545	543	2
New Delhi	Rs. /10 Kg.	555	560	-5
Hyderabad	Rs. /10 Kg.	570	565	5
Mumbai	Rs. /10 Kg.	575	572	3

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

Centre	Unit	Price		Change
		11-Mar-15	10-Mar-15	
Mahesana (Kadi)	Rs./Qtl	1533	1531	2
Akola	Rs./Qtl	1518	1510	8

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 10/3/2015

Index	RMB/Ton	Change
CCIndex(328)	13470	-3
CCIndex(527)	12427	-6
CCIndex(229)	14187	-6

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

Cotlook Index: As on 10/3/2015

Cotlook Indices	Cents/Pound	Change
A-Index	68.85	-0.75

USDA Cotton Spot Rates: As on 10/3/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	61.12	64.37	NIL
North Delta	60.12	62.87	NIL
South Delta	60.12	62.87	NIL
East TX-OK	56.25	58.50	327
West Texas	56.25	58.50	644
Desert SW	58.62	65.12	NIL
SJ Valley	59.62	69.52	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 10/3/2015 (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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