

Domestic Fundamentals:

Market Outlook: Cotton market noticed mostly firm tone on Thursday.

In The News: Cotton Association of India revised the cotton output estimates downwardly for the country at 397 lakh bales which was earlier estimated at 400.25 lakh bales in December 2014. The cause of the fall in output is decline in production estimates for central region including Gujarat, Maharashtra and Madhya Pradesh. According to CAI cotton consumption would stand around 306 lakh bales this season compared to 300.68 lakh bales in 2013-14.

Cotton imports according to CAI latest estimates would be around 13 lakh bales this season, around 10.64% higher when compared to the imports of previous season which was 11.75 lakh bales.

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.

International Fundamentals:

Cotton output in Pakistan is estimated slightly higher this month by USDA at 2.286 million tones which was estimated 2.264 million tones a month ago. Considering the production of previous season, Pakistan would notice a escalation of 10.54% in cotton output this season as the country produced 2.07 million tones of cotton last year.

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	15	753	769.5	752.5	767	5629	3816	8598	-1324
Spread	Apr-15								
Spot	34				--		--		

(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 12 March 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-15	170	14790	14950	14780	14910	1146	877	4900	-389
Apr-15	180	15030	15200	15030	15170	778	614	4241	445
May-15	150	15280	15440	15280	15390	251	136	1212	354
Jun-15	100	15510	15650	15510	15650	35	10	177	62
Spread	Mar-15	Apr-15	May-15	Jun-15	--		--		
Spot	--								
Mar-15		-260							
Apr-15			-220						
May-15				-260					
Jun-15									
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(NB: Spread Basis = Spot- Near Month Future)

* Updated at 5:00 pm on 12 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	4000	Unch
Khandwa	Mech-1	4000	4000	Unch
Khargaon	Mech-1	4050	4050	Unch
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4100	4150	-50
Rajkot	B.T. Cotton	4005	4000	5
Patan	B.T. Cotton	4125	4105	20
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	3995	-
Muktsar	B.T. Cotton	4220	4200	20
Fazilika	B.T. Cotton	4190	NA	-
Bhiwani	B.T. Cotton	4180	4180	Unch
Adampur	B.T. Cotton	4085	4090	-5
Fatehabad	B.T. Cotton	4100	4085	15
Dabwali	B.T. Cotton	4000	4050	-50
Jind	B.T. Cotton	4264	NA	-
Uchana (Jind)	B.T. Cotton	4070	4084	-14
Rawatsar (Hanumangarh)	B.T. Cotton	4100	4070	30
Hubli	B.T. Cotton	NA	3789	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	4100	NA	-
	Kapas			
Ahmedabad	Shankar-6	4100	4075	25
Gondal	Shankar-6	4005	3975	30
	Kapas			
Jamner (Jalgaon)	Medium Staple	3850	3850	Unch
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4050	4020	30
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4250	NA	-
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	4000	4050	-50
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	3520	3400	120
Muktsar	J-34	3405	3400	5

Fazilika	J-34	4190	NA	-
Bhatinda	J-34	3420	3420	Unch
Mansa	J-34	3400	3400	Unch
Sirsa	J-34	3330	3330	Unch
Sri-Ganganagar	J-34	3102	3116	-14

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		11-Mar-15	10-Mar-15	
Amravati	Mech-1	1500	1600	-100
Khandwa	Mech-1	600	400	200
Khargaone	Mech-1	6000	5000	1000
Mahesana(Kadi)	B.T. Cotton	25000	35000	-10000
Rajkot	B.T. Cotton	2200	2000	200
Patan	B.T. Cotton	6070	6153	-83
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	151	-
Fazilika	B.T. Cotton	300	NA	-
Muktsar	B.T. Cotton	102	170	-68
Bhiwani	B.T. Cotton	2000	2000	Unch
Adampur	B.T. Cotton	340	425	-85
Fatehabad	B.T. Cotton	500	900	-400
Dabwali	B.T. Cotton	250	750	-500
Jind	B.T. Cotton	153	NA	-
Uchana (Jind)	B.T. Cotton	1000	1320	-320
Rawatsar (Hanumangarh)	B.T. Cotton	60	50	10
Hubli	B.T. Cotton	NA	14	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	500	NA	-
Ahmedabad	Shankar-6	51000	51000	Unch
Gondal	Shankar-6	542	989	-447
Jamner (Jalgaon)	Medium Staple	989	1030	-41
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	1575	1297	278
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	7.2	NA	-
Krishna	Un-Ginned	NA	NA	-

East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	680	680	Unch
Bhatinda	J-34	11050	11900	-850
Mansa	J-34	425	425	Unch
Sirsa	J-34	850	850	Unch
Sri-Ganganagar	J-34	1020	2550	-1530

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				11-Mar-15	10-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	39200	Unch

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

Centre	Unit	Price		Change
		12-Mar-15	11-Mar-15	
Rajkot	Rs. /10 Kg.	545	545	Unch
New Delhi	Rs. /10 Kg.	555	555	Unch
Hyderabad	Rs. /10 Kg.	570	570	Unch
Mumbai	Rs. /10 Kg.	576	575	1

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

Centre	Unit	Price		Change
		12-Mar-15	11-Mar-15	
Mahesana (Kadi)	Rs./Qtl	1559	1533	26
Akola	Rs./Qtl	1537	1518	19

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 12/3/2015

Index	RMB/Ton	Change
CCIndex(328)	13467	-3
CCIndex(527)	12426	-1
CCIndex(229)	14187	0

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

Cotlook Index: As on 11/3/2015

Cotlook Indices	Cents/Pound	Change
A-Index	67.70	-1.15

USDA Cotton Spot Rates: As on 11/3/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	60.58	63.83	841
North Delta	59.58	62.33	NIL
South Delta	59.58	62.33	NIL
East TX-OK	56.25	58.50	711
West Texas	56.25	58.50	1892
Desert SW	58.08	64.58	NIL
SJ Valley	59.08	68.98	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 11/3/2015

Contract	Open	High	Low	Close	Change
Mar-15	61.05	61.12	60.28	60.33	-0.54
May-15	61.39	61.67	60.95	61.00	-0.46
Jul-15	61.99	61.99	61.52	61.52	-0.41
Oct-15	62.77	62.97	62.26	62.39	-0.39
Dec-15	62.75	62.94	62.50	62.87	-0.06
Mar-16	63.34	63.39	63.33	63.39	-0.18

Pakistan Cotton Spot rates: As on 11/3/2015 (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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