

Domestic Fundamentals:

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

In The News: Cotton Corporation of India (CCI) invited bids to sell 11600 FP bales of cotton through e-auction on 13-Mar-2015. Variety offered majorly was BB (Bunny Brahma) followed by H-6 and Shankar-6.

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:

According to USDA, cotton import on the global front would stand around 7.490 million tonnes this season slightly higher than 7.446 million tonnes what was estimated previous month. The reason for this upward change is increase in import demand from Bangladesh, Vietnam and Indonesia. No change in China imports projection is seen this month and the same would be around 1.589 million tones this season. Turkey cotton imports have been revised downwardly this month by USDA at 0.773 which was estimated at 0.784 million tones previous month.

Cotton output in Pakistan is estimated slightly higher this month by USDA at 2.286 million tones which was estimated 2.264 million tonnes 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.

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.

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	-0.5	769	769	762.5	764	2569	-3060	8310	-288
Spread	Apr-15								
Spot	44				--				--

(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 13 March 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-15	+60.00	14940	15020	14940	14990	660	-486	5013	113
Apr-15	+50.00	15190	15250	15180	15220	479	-299	4204	-37
May-15	+50.00	15400	15460	15400	15430	130	-121	1532	320
Jun-15	+100.00	15630	15650	15610	15640	30	-5	212	35
Spread	Mar-15	Apr-15	May-15	Jun-15	--		--		
Spot	--								
Mar-15		-230							
Apr-15			-210						
May-15				-210					
Jun-15									
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(NB: Spread Basis = Spot- Near Month Future)

* Updated at 5:00 pm on 13 March 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		14-Mar-15	13-Mar-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4000	4000	Unch
Khandwa	Mech-1	Closed	4000	-
Khargaon	Mech-1	Closed	4050	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4250	4275	-25
Rajkot	B.T. Cotton	4060	4040	20
Patan	B.T. Cotton	4085	4140	-55
Deesa	B.T. Cotton	NA	Closed	-
Dhrol	B.T. Cotton	NR	4105	-
Muktsar	B.T. Cotton	4225	4200	25
Fazilika	B.T. Cotton	4220	4190	30
Bhiwani	B.T. Cotton	4225	4200	25
Adampur	B.T. Cotton	4153	4135	18
Fatehabad	B.T. Cotton	4125	4100	25
Dabwali	B.T. Cotton	4100	4085	15
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	4184	4142	42
Rawatsar (Hanumangarh)	B.T. Cotton	4135	4135	Unch
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NR	4150	-
	Kapas			
Ahmedabad	Shankar-6	4125	NA	-
Gondal	Shankar-6	4025	4025	Unch
	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	4020	4050	-30
Guntur	Un-Ginned	NA	4050	-
Kurnool	Un-Ginned	4200	4200	Unch
Krishna	Un-Ginned	NA	4030	-
East Godavari	Un-Ginned	NA	NA	-
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3455	3430	25
Muktsar	J-34	3445	3420	25
Fazilika	J-34	3440	3405	35
Bhatinda	J-34	3460	3440	20
Mansa	J-34	3450	3410	40
Sirsa	J-34	3360	3345	15
Sri-Ganganagar	J-34	3112	3112	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		14-Mar-15	13-Mar-15	
Amravati	Mech-1	1000	1200	-200
Khandwa	Mech-1	Closed	NA	-
Khargaon	Mech-1	Closed	5000	-
Mahesana(Kadi)	B.T. Cotton	30000	30000	Unch
Rajkot	B.T. Cotton	1000	1200	-200
Patan	B.T. Cotton	1055	4365	-3310
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	192	
Fazilika	B.T. Cotton	250	200	50
Muktsar	B.T. Cotton	85	85	Unch
Bhiwani	B.T. Cotton	2000	3000	-1000
Adampur	B.T. Cotton	340	510	-170
Fatehabad	B.T. Cotton	400	450	-50
Dabwali	B.T. Cotton	100	100	Unch
Jind	B.T. Cotton	NA	153	-
Uchana (Jind)	B.T. Cotton	500	500	Unch
Rawatsar (Hanumangarh)	B.T. Cotton	20	50	-30
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	200	-
Ahmedabad	Shankar-6	59500	NA	-
Gondal	Shankar-6	369	690	-321
Jamner (Jalgaon)	Medium Staple	992	950	42
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	2100	2602	-502
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	510	680	-170
Bhatinda	J-34	10200	11900	-1700
Mansa	J-34	510	510	Unch
Sirsa	J-34	340	850	-510
Sri-Ganganagar	J-34	850	1700	-850

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				13-Mar-15	12-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	31400	31200	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	30100	30000	100
Shankar-6(105)	29mm	3.5 - 4.9	28	30800	30700	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33200	33100	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34300	34200	100
DCH-32(107)	34mm	3.0 - 3.8	33	39500	39200	300

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

Centre	Unit	Price		Change
		14-Mar-15	13-Mar-15	
Rajkot	Rs. /10 Kg.	558	550	8
New Delhi	Rs. /10 Kg.	555	555	Unch
Hyderabad	Rs. /10 Kg.	570	570	Unch
Mumbai	Rs. /10 Kg.	578	576	2

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

Centre	Unit	Price		Change
		14-Mar-15	13-Mar-15	
Mahesana (Kadi)	Rs./Qtl	Closed	1576	-
Akola	Rs./Qtl	Closed	1547	-

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 13/3/2015

Index	RMB/Ton	Change
CCIndex(328)	13466	-1
CCIndex(527)	12425	-1
CCIndex(229)	14185	-2

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

Cotlook Index: As on 13/3/2015

Cotlook Indices	Cents/Pound	Change
A-Index	68.2	0.95

USDA Cotton Spot Rates: As on 13/3/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	60.75	64.00	1848
North Delta	59.75	62.50	NIL
South Delta	59.75	62.50	NIL
East TX-OK	56.75	59.00	1965
West Texas	56.75	59.00	1107
Desert SW	58.25	64.75	NIL
SJ Valley	59.25	69.15	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 13/3/2015

Contract	Open	High	Low	Close	Change
Mar-15	61.15	61.58	60.42	60.5	-0.72
May-15	61.9	62.24	61.12	61.19	-0.71
Jul-15	62.61	62.77	61.82	61.82	-0.7
Oct-15	63.23	63.45	62.47	62.59	-0.64
Dec-15	63.24	63.45	62.7	62.9	-0.53
Mar-16	64	63.84	63.3	63.46	-0.43

Pakistan Cotton Spot rates: As on 13/3/2015 (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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