

Domestic Fundamentals:

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

In The News: Cotton prices witnessed recovery last week in most of the major trading region following the announcement of lower production estimates by CAI, unseasonal rainfall and depleting stocks. Weekly average price of cotton in Gujarat stood Rs. 3900 per quintal, around 4.14% higher when compared to the average price during previous to last week, which was Rs 3745.

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 the industry experts, Chinese cotton farmers are likely to replace cultivation of non-organic cotton with organic cotton as it fetches the better margins and its demand in international market is likely to manifold by 2020.

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.

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	6.5	767	774	767	769.5	2677	108	7917	-393
Spread	Apr-15								
Spot	42.5				--				--

(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 16 March 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-15	70	14980	15060	14980	15010	947	287	5140	127
Apr-15	70	15220	15290	15220	15240	828	349	4024	-180
May-15	100	15490	15500	15450	15460	510	380	1839	307
Jun-15	40	15680	15700	15670	15670	67	37	273	61
Spread	Mar-15	Apr-15	May-15	Jun-15	--		--		
Spot	--								
Mar-15		-230							
Apr-15			-220						
May-15				-210					
Jun-15									
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(NB: Spread Basis = Spot- Near Month Future)

* Updated at 5:00 pm on 16 March 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		16-Mar-15	14-Mar-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4060	4000	60
Khandwa	Mech-1	NA	Closed	-
Khargaon	Mech-1	NA	Closed	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4200	4250	-50
Rajkot	B.T. Cotton	4055	4060	-5
Patan	B.T. Cotton	4140	4085	55
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	4105	4090	15
Muktsar	B.T. Cotton	4230	4225	5
Fazilika	B.T. Cotton	4200	4220	-20
Bhiwani	B.T. Cotton	4250	4225	25
Adampur	B.T. Cotton	4215	4153	62
Fatehabad	B.T. Cotton	4225	4125	100
Dabwali	B.T. Cotton	4080	4100	-20
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	4184	4184	Unch
Rawatsar (Hanumangarh)	B.T. Cotton	4175	4135	40
Hubli	B.T. Cotton	NA	3989	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	4200	NR	-
	Kapas			
Ahmedabad	Shankar-6	4150	4125	25
Gondal	Shankar-6	4075	4025	50
	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	NA	4020	-
Guntur	Un-Ginned	4050	NA	-
Kurnool	Un-Ginned	3750	4200	-450
Krishna	Un-Ginned	3944	NA	-
East Godavari	Un-Ginned	4000	NA	-
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	3480	3455	25
Muktsar	J-34	3450	3445	5
Fazilika	J-34	3465	3440	25
Bhatinda	J-34	3480	3460	20
Mansa	J-34	3460	3450	10
Sirsa	J-34	3385	3360	25

Sri-Ganganagar	J-34	3126	3112	14
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Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		16-Mar-15	14-Mar-15	
Amravati	Mech-1	1000	1000	Unch
Khandwa	Mech-1	NA	Closed	-
Khargaon	Mech-1	NA	Closed	-
Mahesana(Kadi)	B.T. Cotton	35000	30000	5000
Rajkot	B.T. Cotton	2800	1000	1800
Patan	B.T. Cotton	7505	1055	6450
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	289	141	148
Fazilika	B.T. Cotton	100	250	-150
Muktsar	B.T. Cotton	68	85	-17
Bhiwani	B.T. Cotton	2000	2000	Unch
Adampur	B.T. Cotton	340	340	Unch
Fatehabad	B.T. Cotton	150	400	-250
Dabwali	B.T. Cotton	750	100	650
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	NA	500	-
Rawatsar (Hanumangarh)	B.T. Cotton	10	20	-10
Hubli	B.T. Cotton	NA	58	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	300	NA	-
Ahmedabad	Shankar-6	51000	59500	-8500
Gondal	Shankar-6	930	369	561
Jamner (Jalgaon)	Medium Staple	810	992	-182
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	2100	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	16.5	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	340	510	-170
Bhatinda	J-34	NA	10200	-
Mansa	J-34	340	510	-170
Sirsa	J-34	340	340	Unch
Sri-Ganganagar	J-34	850	850	Unch

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				14-Mar-15	13-Mar-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	30300	30300	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	30800	30800	Unch
J-34(202)	26mm	3.5 - 4.9	23	31500	31400	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	30100	30100	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	30800	30800	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33400	33200	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34500	34300	200
DCH-32(107)	34mm	3.0 - 3.8	33	40000	39500	500

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

Centre	Unit	Price		Change
		16-Mar-15	14-Mar-15	
Rajkot	Rs. /10 Kg.	553	558	-5
New Delhi	Rs. /10 Kg.	558	555	3
Hyderabad	Rs. /10 Kg.	570	570	Unch
Mumbai	Rs. /10 Kg.	582	578	4

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

Centre	Unit	Price		Change
		16-Mar-15	14-Mar-15	
Mahesana (Kadi)	Rs./Qtl	1595	Closed	-
Akola	Rs./Qtl	1572	Closed	-

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 16/3/2015

Index	RMB/Ton	Change
CCIndex(328)	13463	-3
CCIndex(527)	12425	0
CCIndex(229)	14189	-6

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 14/3/2015 (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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