

## Domestic Fundamentals:

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

**In The News:** Cotton price at NCDEX climbed more than two month high on Monday (16 March 2015) following the announcement of lower production estimates by CAI, unseasonal rainfall, depleting stocks and expectation of lower acreage in the coming season April contract of kapas at NCDEX touched the high of Rs 781 per maund (20kg each) which was level last seen on January 09 this year.

Domestic cotton prices are on track of recovery. 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).

### 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	-2	780	781	773	775.5	2527	-150	7675	-242
Spread	Apr-15								
Spot	39.5		--		--		--		

(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 17 March 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-15	-50	15030	15040	14930	14950	429	-518	5291	151
Apr-15	-50	15260	15260	15170	15200	404	-424	3924	-100
May-15	-50	15440	15480	15390	15400	231	-279	2057	218
Jun-15	-40	15650	15670	15600	15610	43	-24	330	57
Spread	Mar-15	Apr-15	May-15	Jun-15	--		--		
Spot	--								
Mar-15		-250							
Apr-15			-200						
May-15				-210					
Jun-15									
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(NB: Spread Basis = Spot- Near Month Future)

\* Updated at 5:00 pm on 17 March 2015

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

Centre	Variety	Prices		Change
		17-Mar-15	16-Mar-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4080	4060	20
Khandwa	Mech-1	4150	NA	-
Khargaon	Mech-1	4050	NA	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4300	4200	100
Rajkot	B.T. Cotton	4075	4055	20
Patan	B.T. Cotton	4175	4140	35
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	4155	4105	50
Muktsar	B.T. Cotton	4250	4230	20
Fazilika	B.T. Cotton	4200	4200	Unch
Bhiwani	B.T. Cotton	4300	4250	50
Adampur	B.T. Cotton	4235	4215	20
Fatehabad	B.T. Cotton	4250	4225	25
Dabwali	B.T. Cotton	4190	4080	110
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	4294	4184	110
Rawatsar (Hanumangarh)	B.T. Cotton	4225	4175	50
Hubli	B.T. Cotton	NA	4011	-
Hathras	B.T. Cotton(US)	3100	NA	-
Hanumangarh	B.T. Cotton	4200	4200	Unch
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4200	4150	50
Gondal	Shankar-6	4085	4075	10
	<b>Kapas</b>			
Jamner (Jalgaon)	Medium Staple	3850	3850	Unch
Hathras	Desi	3500	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4050	4050	Unch
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4000	3750	250
Krishna	Un-Ginned	NA	3944	-
East Godavari	Un-Ginned	NA	4000	-
	<b>Lint</b>	<b>Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	3490	3480	10
Muktsar	J-34	3480	3450	30
Fazilika	J-34	3460	3465	-5
Bhatinda	J-34	3480	3480	Unch
Mansa	J-34	3465	3460	5
Sirsa	J-34	3410	3385	25

Sri-Ganganagar	J-34	3126	3126	Unch
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**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		17-Mar-15	16-Mar-15	
Amravati	Mech-1	900	1000	-100
Khandwa	Mech-1	800	NA	-
Khargaon	Mech-1	6000	NA	-
Mahesana(Kadi)	B.T. Cotton	25000	35000	-10000
Rajkot	B.T. Cotton	3400	2800	600
Patan	B.T. Cotton	6450	7505	-1055
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	220	289	-69
Fazilika	B.T. Cotton	150	100	50
Muktsar	B.T. Cotton	510	68	442
Bhiwani	B.T. Cotton	2000	2000	Unch
Adampur	B.T. Cotton	340	340	Unch
Fatehabad	B.T. Cotton	300	150	150
Dabwali	B.T. Cotton	500	750	-250
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	250	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	25	10	15
Hubli	B.T. Cotton	NA	92	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	100	300	-200
Ahmedabad	Shankar-6	51000	51000	Unch
Gondal	Shankar-6	1137	930	207
Jamner (Jalgaon)	Medium Staple	733	810	-77
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	2520	3037	-517
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	7.5	16.5	-9
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	340	340	Unch
Bhatinda	J-34	6800	NA	-
Mansa	J-34	340	340	Unch
Sirsa	J-34	510	340	170
Sri-Ganganagar	J-34	255	850	-595

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				16-Mar-15	14-Mar-15	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	30600	30300	300
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	31100	30800	300
J-34(202)	26mm	3.5 - 4.9	23	31800	31500	300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	30400	30100	300
Shankar-6(105)	29mm	3.5 - 4.9	28	31100	30800	300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33700	33400	300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34800	34500	300
DCH-32(107)	34mm	3.0 - 3.8	33	40000	40000	Unch

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

Centre	Unit	Price		Change
		17-Mar-15	16-Mar-15	
Rajkot	Rs. /10 Kg.	560	553	7
New Delhi	Rs. /10 Kg.	550	558	-8
Hyderabad	Rs. /10 Kg.	570	570	Unch
Mumbai	Rs. /10 Kg.	577	582	-5

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

Centre	Unit	Price		Change
		17-Mar-15	16-Mar-15	
Mahesana (Kadi)	Rs./Qtl	1604	1595	9
Akola	Rs./Qtl	1587	1572	15

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 17/3/2015**

Index	RMB/Ton	Change
CCIndex(328)	13462	-1
CCIndex(527)	12425	0
CCIndex(229)	14173	-6

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

**Cotlook Index: As on 16/3/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	67.50	-0.70

**USDA Cotton Spot Rates: As on 16/3/2015**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	60.74	63.99	NIL
North Delta	59.74	62.49	NIL
South Delta	59.74	62.49	NIL
East TX-OK	56.50	58.75	3171
West Texas	56.50	58.75	232
Desert SW	58.24	64.74	NIL
SJ Valley	59.24	69.14	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 16/3/2015**

Contract	Open	High	Low	Close	Change
Mar-15	60.70	61.22	60.31	60.49	-0.01
May-15	61.19	61.78	60.98	61.14	-0.05
Jul-15	61.78	61.78	61.78	61.78	-0.04
Oct-15	62.58	63.06	62.38	62.56	-0.03
Dec-15	62.90	63.23	62.73	62.76	-0.14
Mar-16	63.60	63.65	63.35	63.41	-0.05

**Pakistan Cotton Spot rates: As on 16/3/2015 (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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