

## Domestic Fundamentals:

**Market Outlook:** Cotton market noticed mixed tone on Wednesday.

**In The News:** India exported 1.81 lakh bales of cotton last week (09-15 Mar 2015), which was 1.70 lakh bales previous to last week (02-08 Mar 2015), according to the data released by IBIS. Imports on the other hand stood 0.17 lakh bales last week, which was 0.16 lakh bales previous to last week.

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.

### International Fundamentals:

China imported 159,100 metric tons of cotton in February this year, 35.3% lower when compared to imports during the same month previous year, according to customs data cited by China Cotton Association (CCA).

Cotton planting area in China this year is likely to drop by 23 percent this year compared to previous year, according to the latest survey reports by China Cotton Association (CCA). Earlier CCA expected cotton area to shrink by 25.4 percent in its January estimates. The rise in the figures this month is the result of expectation of higher cotton area in Xinjiang.

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.

### 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	769.5	774	767.5	769	2374	-153	7186	-489
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 18 March 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-15	-80	14840	14880	14710	14750	833	404	5302	11
Apr-15	-80	15090	15130	14960	15000	488	84	4039	115
May-15	-100	15350	15350	15180	15200	148	-83	2124	67
Jun-15	-120	15500	15500	15400	15420	23	-20	328	-2
Spread	Mar-15	Apr-15	May-15	Jun-15	--		--		
Spot	--								
Mar-15		-250							
Apr-15			-200						
May-15				-220					
Jun-15									
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(NB: Spread Basis = Spot- Near Month Future)

\* Updated at 5:00 pm on 18 March 2015

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

Centre	Variety	Prices		Change
		18-Mar-15	17-Mar-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4080	4080	Unch
Khandwa	Mech-1	4180	4150	30
Khargaon	Mech-1	4050	4050	Unch
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4250	4300	-50
Rajkot	B.T. Cotton	4085	4075	10
Patan	B.T. Cotton	NA	4175	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	4105	4155	-50
Muktsar	B.T. Cotton	4300	4250	50
Fazilika	B.T. Cotton	4220	4200	20
Bhiwani	B.T. Cotton	4300	4300	Unch
Adampur	B.T. Cotton	4230	4235	-5
Fatehabad	B.T. Cotton	4275	4250	25
Dabwali	B.T. Cotton	4175	4190	-15
Jind	B.T. Cotton	4350	NA	-
Uchana (Jind)	B.T. Cotton	4270	4294	-24
Rawatsar (Hanumangarh)	B.T. Cotton	4225	4225	Unch
Hubli	B.T. Cotton	NA	4025	-
Hathras	B.T. Cotton(US)	3100	3100	Unch
Hanumangarh	B.T. Cotton	4250	4200	50
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4150	4200	-50
Gondal	Shankar-6	4065	4085	-20
	<b>Kapas</b>			
Jamner (Jalgaon)	Medium Staple	3850	3850	Unch
Hathras	Desi	3500	3500	Unch
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	4000	Unch
Krishna	Un-Ginned	4050	NA	-
East Godavari	Un-Ginned	NA	NA	-
	<b>Lint</b>	<b>Rs./Maund (of 37.32kg each)</b>		
Abohar	J-34	3510	3490	20
Muktsar	J-34	3510	3480	30
Fazilika	J-34	3460	3460	Unch
Bhatinda	J-34	3510	3480	30
Mansa	J-34	3505	3465	40
Sirsa	J-34	3425	3410	15

Sri-Ganganagar	J-34	3135	3126	9
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**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		18-Mar-15	17-Mar-15	
Amravati	Mech-1	1000	900	100
Khandwa	Mech-1	1200	800	400
Khargaon	Mech-1	6000	6000	Unch
Mahesana(Kadi)	B.T. Cotton	30000	25000	5000
Rajkot	B.T. Cotton	3200	3400	-200
Patan	B.T. Cotton	NA	6450	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	189	220	-31
Fazilika	B.T. Cotton	150	150	Unch
Muktsar	B.T. Cotton	340	510	-170
Bhiwani	B.T. Cotton	1500	2000	-500
Adampur	B.T. Cotton	340	340	Unch
Fatehabad	B.T. Cotton	200	300	-100
Dabwali	B.T. Cotton	400	500	-100
Jind	B.T. Cotton	255	NA	-
Uchana (Jind)	B.T. Cotton	300	250	50
Rawatsar (Hanumangarh)	B.T. Cotton	150	25	125
Hubli	B.T. Cotton	NA	50	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	250	100	150
Ahmedabad	Shankar-6	51000	51000	Unch
Gondal	Shankar-6	1248	1137	111
Jamner (Jalgaon)	Medium Staple	670	733	-63
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	2310	2520	-210
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	8	7.5	0.5
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	510	340	170
Bhatinda	J-34	7650	6800	850
Mansa	J-34	510	340	170
Sirsa	J-34	1190	510	680
Sri-Ganganagar	J-34	850	255	595

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				17-Mar-15	16-Mar-15	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	30600	30600	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	31100	31100	Unch
J-34(202)	26mm	3.5 - 4.9	23	31900	31800	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	30300	30400	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	31000	31100	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33600	33700	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34600	34800	-200
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
		18-Mar-15	17-Mar-15	
Rajkot	Rs. /10 Kg.	545	560	-15
New Delhi	Rs. /10 Kg.	540	550	-10
Hyderabad	Rs. /10 Kg.	570	570	Unch
Mumbai	Rs. /10 Kg.	575	577	-2

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

Centre	Unit	Price		Change
		18-Mar-15	17-Mar-15	
Mahesana (Kadi)	Rs./Qtl	1600	1604	-4
Akola	Rs./Qtl	1588	1587	1

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 18/3/2015**

Index	RMB/Ton	Change
CCIndex(328)	13457	-5
CCIndex(527)	12425	0
CCIndex(229)	14171	-2

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

**Cotlook Index: As on 17/3/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	67.50	Unch

**USDA Cotton Spot Rates: As on 17/3/2015**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	60.46	63.71	NIL
North Delta	59.46	62.21	NIL
South Delta	59.46	62.21	NIL
East TX-OK	56.25	58.50	3667
West Texas	56.25	58.50	1432
Desert SW	57.96	64.46	NIL
SJ Valley	58.96	68.86	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 17/3/2015**

Contract	Open	High	Low	Close	Change
Mar-15	60.41	60.87	60.19	60.21	-0.28
May-15	61.13	61.46	60.80	60.83	-0.31
Jul-15	61.79	61.79	61.56	61.56	-0.22
Oct-15	62.54	62.83	62.21	62.25	-0.31
Dec-15	63.00	63.07	62.40	62.47	-0.29
Mar-16	63.57	63.60	63.05	63.05	-0.36

**Pakistan Cotton Spot rates: As on 17/3/2015 (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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