

## Domestic Fundamentals:

**Market Outlook:** Cotton cash market noticed flat tone on Friday.

**In The News:** Indian Chamber of Commerce and Industry, Coimbatore demands that Tamil Nadu State Government should cut the value-added tax levied on cotton, cotton yarn and synthetic yarn to 2 per cent so as to safeguard the interests of the spinning sector and the livelihood of workers. It also wants that the government to liberalise the current cumbersome mode of payment of VAT.

Ministry of Textiles proposed to limit the cotton export from India by putting the cap on the amount of exportable cotton per year and suggested to levy 10% duty on the export of cotton over and above this exportable surplus. It was the budget suggestion to build a long term inventory of cotton in country for the domestic industry, said official sources.

Cotton Corporation of India (CCI) has procured around 84 lakh bales (170 kg each) of cotton this season so far. CCI has sold 2.67 lakh bales of cotton till date, according to the officials. Telangana ranks the first among the states who sold their cotton to CCI at MSP. around 35.55 lakh bales has been procured from Telangana, 17.5 lakh bales and 16.5 lakh bales has been procured from Maharashtra and Andhra Pradesh respectively.

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.

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.

### International Fundamentals:

ICE cotton plunged up on the higher US cotton exports sales data. USDA reported net export sales of 238600 bales of upland cotton during the week ended March 12, around 36800 bales higher when compared to previous week. The most active May'15 contract touched the high of 63.41 cents a pound and settled at 62.95 cents a pound on Thursday.

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.

### 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	-4	769	770	765.5	766.5	2558	1045	7393	37
Spread	Apr-15								
Spot	46.5				--		--		

(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 20 March 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-15	-50	14880	14920	14820	14850	418	-219	4864	-205
Apr-15	-50	15140	15170	15070	15100	305	-113	4385	53
May-15	-60	15380	15400	15300	15330	113	7	2079	-112
Jun-15	-70	15600	15620	15540	15540	23	1	367	15
Spread	Mar-15	Apr-15	May-15	Jun-15	--		--		
Spot	--								
Mar-15		-250							
Apr-15			-230						
May-15				-210					
Jun-15									
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(NB: Spread Basis = Spot- Near Month Future)

\* Updated at 5:00 pm on 20 March 2015

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

Centre	Variety	Prices		Change
		20-Mar-15	19-Mar-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4100	4100	Unch
Khandwa	Mech-1	NA	4180	-
Khargaon	Mech-1	NA	4050	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4250	4255	-5
Rajkot	B.T. Cotton	4065	4060	5
Patan	B.T. Cotton	4140	4140	Unch
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	4060	-
Muktsar	B.T. Cotton	4300	4300	Unch
Fazilika	B.T. Cotton	4250	NA	-
Bhiwani	B.T. Cotton	4350	4325	25
Adampur	B.T. Cotton	4240	4230	10
Fatehabad	B.T. Cotton	4300	4300	Unch
Dabwali	B.T. Cotton	4220	4180	40
Jind	B.T. Cotton	4220	4250	-30
Uchana (Jind)	B.T. Cotton	4274	4270	4
Rawatsar (Hanumangarh)	B.T. Cotton	NA	4225	-
Hubli	B.T. Cotton	NA	4045	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	4295	-
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4150	NA	-
Gondal	Shankar-6	4025	4085	-60
	<b>Kapas</b>			
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	4025	-
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4000	4000	Unch
Krishna	Un-Ginned	4050	NA	-
East Godavari	Un-Ginned	4000	4050	-50
	<b>Lint</b>	<b>Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	3510	3510	Unch
Muktsar	J-34	3500	3500	Unch
Fazilika	J-34	3470	NA	-
Bhatinda	J-34	3515	3515	Unch
Mansa	J-34	3495	3495	Unch
Sirsa	J-34	3420	3425	-5
Sri-Ganganagar	J-34	3102	3135	-33

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		20-Mar-15	19-Mar-15	
Amravati	Mech-1	230	1300	-1070
Khandwa	Mech-1	NA	600	-
Khargaon	Mech-1	NA	5000	-
Mahesana(Kadi)	B.T. Cotton	30000	25000	5000
Rajkot	B.T. Cotton	2000	2600	-600
Patan	B.T. Cotton	6290	6110	180
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	195	-
Fazilika	B.T. Cotton	150	NA	-
Muktsar	B.T. Cotton	340	340	Unch
Bhiwani	B.T. Cotton	2500	1500	1000
Adampur	B.T. Cotton	425	340	85
Fatehabad	B.T. Cotton	425	400	25
Dabwali	B.T. Cotton	350	150	200
Jind	B.T. Cotton	60	43	17
Uchana (Jind)	B.T. Cotton	550	510	40
Rawatsar (Hanumangarh)	B.T. Cotton	NA	50	-
Hubli	B.T. Cotton	NA	70	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	500	-
Ahmedabad	Shankar-6	51000	NA	-
Gondal	Shankar-6	1182	1062	120
Jamner (Jalgaon)	Medium Staple	230	603	-373
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	1980	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	8	14.5	-6.5
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	510	425	85
Bhatinda	J-34	8500	8500	Unch
Mansa	J-34	340	425	-85
Sirsa	J-34	850	1020	-170
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
				19-Mar-15	18-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	32000	32000	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	30100	30200	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	30800	30900	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33600	33600	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34600	34600	Unch
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
		20-Mar-15	19-Mar-15	
Rajkot	Rs. /10 Kg.	545	542	3
New Delhi	Rs. /10 Kg.	545	545	Unch
Hyderabad	Rs. /10 Kg.	570	570	Unch
Mumbai	Rs. /10 Kg.	570	575	-5

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

Centre	Unit	Price		Change
		20-Mar-15	19-Mar-15	
Mahesana (Kadi)	Rs./Qtl	1600	1602	-2
Akola	Rs./Qtl	1577	1585	-8

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 20/3/2015**

Index	RMB/Ton	Change
CCIndex(328)	13448	-2
CCIndex(527)	12425	0
CCIndex(229)	14149	-6

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

**Cotlook Index: As on 19/3/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	69.15	1.95

**USDA Cotton Spot Rates: As on 19/3/2015**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
<b>Southeast</b>	63.20	66.45	<b>1538</b>
<b>North Delta</b>	62.20	64.95	<b>13</b>
<b>South Delta</b>	62.20	64.95	<b>49</b>
<b>East TX-OK</b>	59.00	61.25	<b>7725</b>
<b>West Texas</b>	59.00	61.25	<b>6722</b>
<b>Desert SW</b>	60.70	67.20	<b>NIL</b>
<b>SJ Valley</b>	61.70	71.60	<b>NIL</b>

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 19/3/2015**

Contract	Open	High	Low	Close	Change
<b>May-15</b>	62.53	63.41	61.72	62.95	<b>0.47</b>
<b>Jul-15</b>	62.93	63.51	62.14	63.32	<b>0.45</b>
<b>Oct-15</b>	63.33	63.77	63.00	63.77	<b>0.37</b>
<b>Dec-15</b>	63.67	64.14	63.04	64.11	<b>0.44</b>
<b>Mar-16</b>	63.24	63.93	62.87	63.89	<b>0.46</b>
<b>May-16</b>	63.30	64.04	63.19	64.00	<b>0.51</b>

**Pakistan Cotton Spot rates: As on 19/3/2015 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5050	150	5200
Equivalent	40 Kgs	5412	160	5572

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