

## Domestic Fundamentals:

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

**In The News:** Textile minister Santosh Gangwar should direct Cotton Corporation of India to immediately commence selling the cotton through the e-auction to actual users with liberal credit norms, said Southern India Mills' Association (SIMA).

Gujarat has contributed 108 lakh bales of cotton in the country's total production estimates of 390 lakh bales during the season 2014-15 against 370 lakh bales in 2013-14, said CCI. Maharashtra would stand around at 83 lakh bales, Telangana at 57 lakh bales, Karnataka at 30 lakh bales, Andhra Pradesh at 27 lakh bales, Haryana at 25 lakh bales, Rajasthan at 17 lakh bales, Punjab at 14 lakh bales, Tamil Nadu at 5 lakh bales Orissa at 4 lakh bales and others collectively at 2 lakh bales. According to CCI the figures could surge up further as estimates from many areas are still awaited.

During the initial four months of season, cotton consumption recorded at 1714 million kgs which is 3.5% higher than the consumption during corresponding period last year. Similarly cotton yarn production too remained higher in this year. Cumulative cotton yarn production during the initial four month of the season stood 1368 million kgs around 3.39% higher when compared to corresponding period last year.

The Consultative Committee of Cotton Advisory Board (CAB) has revised the cotton production estimates at 390 lakh bales on Tuesday which was earlier estimated 400 bales in October last year, when season commenced. According to the committee cotton production would be 10 lakh bales lesser which was estimated earlier, consumption by textile mills would be around 278.5 lakh bales, export to be around 70 lakh bales and imports would be around 8 lakh bales.

India is likely to keep sourcing cotton to International market in the coming month of seasons, as stocks of USA and Brazil have almost sold out their produce. Only 32 lakh bales of cotton have been exported so far against the target of 90 lakh bales. Lower export will hence cause the higher ending stocks this season compared to the previous season.

The Cotton Association of India has urged the Cotton Corporation of India, which procures cotton as part of the Government's Minimum Support Price programme, to formulate a policy to offload the stock in the market.

Cotton Association of India (CAI) estimated cotton output in country during season 2014-15 to be around 396 lakh bales in its February estimates which was estimated 397 lakh bales in January.

Cotton Corporation of India (CCI) has procured 86 lakh bales of cotton this marketing year so far, a little lower than the record procurement of 89 lakh bales in 2008-09. As cotton arrival is expected to last till May this year, cotton procurement by CCI is likely to breach the record level by the end of season. Around 302 lakh bales of cotton has arrived in domestic market until 24 March 2015, compared to 306 lakh bales year ago during the same period, said CCI.

### International Fundamentals:

China cotton acreage could drop by 20% in the coming season due to change in the government policies which led lower subsidies to the many growers, according to a survey report by China's State Reserves. Cotton acreage in China could fall to 3.4 million hectares in the forthcoming season, 20.1% lower when compared to current season.

USA is expected to lower its cotton acreage this season to 9.428 million acres, -14.6% lower when compared to acreage of 2014 which was 11.037 million acres. The major cotton growing region, Texas is likely to witness a fall of 13.8% in cotton acreage and would plant 5.343 million acres of cotton in 2015, compared to 6.2 million acres previous year, said National Cotton Council (NCC).

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).

### 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	-9.5	844	856	822.5	826	5548	256	4119	-176
Spread	Apr-15								
Spot	139				--		--		

(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 07 April 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-15	-110	16030	16140	15880	15930	1613	-1133	8269	107
Apr-15	-100	16300	16380	16140	16180	1001	-21	3659	159
May-15	-100	16580	16600	16380	16410	233	-506	1498	70
Jun-15	-100	16790	16790	16600	16600	90	-363	706	89
Jul-15	--	--	--	--	--	--	--	--	--
Spread	Mar-15	Apr-15	May-15	Jun-15	Jul-15	--			
Spot	--								
Mar-15		-250							
Apr-15			-230						
May-15				-190					
Jun-15									
Jul-15									

(NB: Spread Basis = Spot- Near Month Future)

\* Updated at 5:00 pm on 07 April 2015

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

Centre	Variety	Prices		Change
		7-Apr-15	6-Apr-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4400	4350	50
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	NA	4750	-
Rajkot	B.T. Cotton	4825	4575	250
Patan	B.T. Cotton	4690	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	4660	4605	55
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4700	4650	50
Adampur	B.T. Cotton	4725	4615	110
Fatehabad	B.T. Cotton	4700	4650	50
Dabwali	B.T. Cotton	4450	4440	10
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	NA	4539	-
Rawatsar (Hanumangarh)	B.T. Cotton	4650	4480	170
Hubli	B.T. Cotton	4369	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	4700	-
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4600	4600	Unch
Gondal	Shankar-6	4595	4560	35
	<b>Kapas</b>			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4400	4300	100
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	4000	4050	-50
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	4050	4000	50
	<b>Lint</b>	<b>Rs./Maund (of 37.32kg each)</b>		
Abohar	J-34	3710	3620	90
Muktsar	J-34	3700	3600	100
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3710	3625	85
Mansa	J-34	NA	NA	-
Sirsa	J-34	3650	3530	120

Sri-Ganganagar	J-34	3314	3243	<b>71</b>
----------------	------	------	------	-----------

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		7-Apr-15	6-Apr-15	
Amravati	Mech-1	11500	9700	<b>1800</b>
Khandwa	Mech-1	NA	NA	-
Khargaone	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	5000	-
Rajkot	B.T. Cotton	2400	2425	<b>-25</b>
Patan	B.T. Cotton	3137	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	154	221	<b>-67</b>
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	500	500	<b>Unch</b>
Adampur	B.T. Cotton	425	425	<b>Unch</b>
Fatehabad	B.T. Cotton	100	100	<b>Unch</b>
Dabwali	B.T. Cotton	80	125	<b>-45</b>
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	NA	205	-
Rawatsar (Hanumangarh)	B.T. Cotton	50	25	<b>25</b>
Hubli	B.T. Cotton	54	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
Ahmedabad	Shankar-6	42500	34000	<b>8500</b>
Gondal	Shankar-6	696	830	<b>-134</b>
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	1702	1672	<b>30</b>
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	0.1	0.1	<b>Unch</b>
Krishna	Un-Ginned	0.1	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	119	119	<b>Unch</b>
Bhatinda	J-34	3400	5100	<b>-1700</b>
Mansa	J-34	NA	NA	-
Sirsa	J-34	170	340	<b>-170</b>
Sri-Ganganagar	J-34	NA	NA	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				06-Apr-15	04-Apr-15	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	33600	33200	400
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	34100	33700	400
J-34(202)	26mm	3.5 - 4.9	23	33700	33200	500
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32500	31700	800
Shankar-6(105)	29mm	3.5 - 4.9	28	33100	32300	800
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35600	35100	500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36400	36100	300
DCH-32(107)	34mm	3.0 - 3.8	33	43200	42600	600

**Cotton Seed Oil Prices**

Centre	Unit	Price		Change
		7-Apr-15	6-Apr-15	
Rajkot	Rs. /10 Kg.	580	575	5
New Delhi	Rs. /10 Kg.	NA	NA	-
Hyderabad	Rs. /10 Kg.	560	560	Unch
Mumbai	Rs. /10 Kg.	590	578	12

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

Centre	Unit	Price		Change
		07-April-15	06-April-15	
Mahesana (Kadi)	Rs./Qtl	1886	1883	3
Akola	Rs./Qtl	1767	1761	6

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 07/4/2015**

Index	RMB/Ton	Change
CCIndex(328)	13457	5
CCIndex(527)	12403	Unch
CCIndex(229)	14145	Unch

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

**Cotlook Index: As on 02/4/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	69.55	-0.40

**USDA Cotton Spot Rates: As on 06/4/2015**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	65.34	68.59	264
North Delta	64.09	66.84	1046
South Delta	64.09	66.84	34
East TX-OK	61.25	63.5	3380
West Texas	61.25	63.5	3825
Desert SW	63.09	69.59	NIL
SJ Valley	64.09	73.99	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 03/4/2015**

Contract	Open	High	Low	Close	Change
15-May	62.58	63.89	62.58	63.69	1.11
15-Jul	62.95	63.95	62.95	63.80	0.87
15-Oct	63.66	64.38	63.66	64.25	0.77
15-Dec	63.83	64.70	63.81	64.54	0.63
16-Mar	64.40	64.80	64.32	64.73	0.57
16-May	65.00	65.24	64.61	65.18	0.81

**Pakistan Cotton Spot rates: As on 06/4/2015 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5150	150	5300
Equivalent	40 Kgs	5519	160	5679

**Disclaimer**

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2015 Indian Agribusiness Systems Pvt. Ltd.