

## Domestic Fundamentals:

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

**In The News:** Indian Meteorological Department (IMD), in its first forecast for year 2015 has predicted a below normal monsoon for the country. An El Nino condition has been established in the Pacific Ocean but the intensity has not been predicted yet. The situation of El Nino could lead India, Bangladesh and South Asian countries to notice dry spells during the monsoon. Crops like rice, sugar and cotton could get affected following the situation.

India exported 1.040 lakh bales of cotton last week (13-19 April 2015), which was 1.209 lakh bales previous to last week (06-12 April 2015), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.089 lakh bales last week, which was 0.189 lakh bales previous to last week.

Cotton exports from India is expected to stand around 7 million bales around 29.2% lower when compared to 9.9 million bales last year, said Cotton Corporation of India (CCI). India has exported around 4.5 million bales so far during the season current season (Oct-14 to Sept-15). The cotton exports have tumbled down because of higher stocks on global front and lower demand from China.

Cotton Corporation of India (CCI) has suspended the cotton procurement for a while as cotton prices have moved up in the recent days in domestic market due to the strong demand arriving from the mills. As cotton prices are ruling higher, there is no need to Intervene, said CCI. Besides the huge demand from textile bodies, CCI is not willing to offload the stock in the domestic market as could worsen the glut like situation and also CCI is expected to take a decision regarding the sale of cotton by floating global tender.

According to the latest updates by ICAC, cotton production in India during the season 2015/16 would be around 6.45 million tons (379 lakh bales approx.) around 4.44% lower when compared to the production of the current year which would stand around 6.75 million tones (397 lakh bales approx.)

Around 310 lakh bales of cotton have been pressed so far in the current season, according to Indian Cotton Federation (ICF). CCI has procured around 8.6 million bales of cotton in the ongoing season and off take of cotton from CCI warehouses is noticing a good trend in last few days as mills have actively started buying cotton from CCI. As far as cotton production is concerned, ICF sees current season production at 38.9 million bales and CAB estimates the same at 39 million bales.

There is no scarcity of cotton in the domestic market, said CCI in the response of demand proposed by the textile industry to immediate release of the stocks procured by CCI. Textile bodies like Texprocil and CITI believes that there has been a supply deficit created due to the record procurement by CCI this season which has lead the fiber price to shoot up and the scarcity of the quality cotton in the market. Whereas CCI believe that due to the bumper production and lesser export availability is still higher, despite the record procurement and there is no supply deficit as such. CCI said it has started selling of the fiber and releases 40,000-50,000 bales a day.

### International Fundamentals:

Around 9% of cotton planting has been completed in USA as on April 19 this year, which was 4% last week and 8% last year on same date, according to USDA. The five year average sowing progress is 11% as on date, same as the current sowing pace.

Cotton imports to China have declined by around 40% in the month of March compared to the same month during the previous year. The reason for the same stood strikes at U.S. west coast ports lower limit imposed on imports by Beijing. According to the China Cotton Association (CCA), china imported around 127,900 tones of cotton last month.

World cotton production is estimated slightly lower this month by USDA at 25.95 million tonnes for season 2014-15 which was estimated 25.95 million tones a month ago. Cotton production on global front was 26.221 million tones during season 2013-14, slightly higher than current season.

### Outlook

We expect domestic prices to remain range bound in near term.

#### **NCDEX Kapas Futures\*: (Prices in Rs/20kg)**

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-15	-1	804	808	803	803.5	447	-352	2362	-35
Spread	Apr-15								
Spot	99.5				--		--		

(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 23 April 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-15	100	15660	15740	15650	15730	647	-733	4450	-323
May-15	80	15880	15970	15870	15950	805	-748	5746	211
Jun-15	100	16130	16170	16090	16150	174	-130	1877	91
Jul-15	80	16310	16340	16290	16340	80	-221	1455	41
Aug-15	--	--	--	--	--	--	--	--	--
Spread	Apr-15	May-15	Jun-15	Jul-15	--		--		
Spot	--								
Apr-15		-220							
May-15			-200						
Jun-15				-190					
Jul-15									
--									

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

\* Updated at 5:00 pm on 23 April 2015

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

Centre	Variety	Prices		Change
		23-Apr-15	22-Apr-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4600	4600	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	4515	4495	20
Patan	B.T. Cotton	4560	4425	135
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NR	4525	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NR	NR	-
Bhiwani	B.T. Cotton	4550	4550	Unch
Adampur	B.T. Cotton	NA	NA	-
Fatehabad	B.T. Cotton	NA	NA	-
Dabwali	B.T. Cotton	4430	4450	-20
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	4450	4400	50
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4550	NR	-
Gondal	Shankar-6	4800	4545	255
	<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	4580	NA	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	4050	NA	-
Krishna	Un-Ginned	NA	4050	-
East Godavari	Un-Ginned	NA	4050	-
	<b>Lint</b>	<b>Rs/Maund (of 37.32 kg. each)</b>		
Abohar	J-34	3675	3665	10
Muktsar	J-34	3660	3650	10
Fazilika	J-34	NR	NR	-
Bhatinda	J-34	3680	3675	5
Sirsa	J-34	3650	3580	70
Sri-Ganganagar	J-34	3361	3337	24

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		23-Apr-15	22-Apr-15	
Amravati	Mech-1	250	350	-100
Khandwa	Mech-1	NA	NA	-
Khargaan	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	1300	1850	-550
Patan	B.T. Cotton	1562	495	1067
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NR	46	-
Fazilika	B.T. Cotton	NR	NR	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	100	200	-100
Adampur	B.T. Cotton	NA	NA	-
Fatehabad	B.T. Cotton	NA	NA	-
Dabwali	B.T. Cotton	50	30	20
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	30	20	10
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
Ahmedabad	Shankar-6	34000	NR	-
Gondal	Shankar-6	881	647	234
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	877	NA	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	1	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	85	102	-17
Bhatinda	J-34	NA	NA	-
Sirsa	J-34	170	170	Unch
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
				22-Apr-15	21-Apr-15	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	33200	33000	200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	33700	33500	200
J-34(202)	26mm	3.5 - 4.9	23	33400	33200	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32800	32700	100
Shankar-6(105)	29mm	3.5 - 4.9	28	33300	33200	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35400	35400	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36200	36200	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	45000	44000	1000

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

Centre	Unit	Price		Change
		23-Apr-15	22-Apr-15	
Rajkot	Rs. /10 Kg.	575	575	Unch
New Delhi	Rs. /10 Kg.	560	550	10
Hyderabad	Rs. /10 Kg.	570	565	5
Mumbai	Rs. /10 Kg.	592	595	-3

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

Centre	Unit	Price		Change
		23-Apr-15	22-Apr-15	
Mahesana (Kadi)	Rs./Qtl	1843	1840	3
Akola	Rs./Qtl	1756	1758	-2

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 23/4/2015**

Index	RMB/Ton	Change
CCIndex(328)	13392	-7
CCIndex(527)	12348	-2
CCIndex(229)	14091	-2

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

**Cotlook Index: As on 22/4/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	69.75	-0.30

**USDA Cotton Spot Rates: As on 22/4/2015**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.92	66.17	NIL
North Delta	61.42	64.17	NIL
South Delta	61.42	64.17	NIL
East TX-OK	59.5	61.75	2669
West Texas	59.5	61.75	653
Desert SW	60.67	67.17	NIL
SJ Valley	61.67	71.57	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 22/4/2015**

Contract	Open	High	Low	Close	Change
15-May	62.81	63.24	62.20	62.49	-0.14
15-Jul	62.92	63.44	62.35	62.92	-0.07
15-Oct	63.39	63.41	62.90	63.23	0.18
15-Dec	63.44	63.84	63.07	63.63	0.18
16-Mar	63.72	64.00	63.15	63.79	0.06
16-May	64.40	64.40	63.85	64.23	-0.01

**Pakistan Cotton Spot rates: As on 22/4/2015 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5300	150	5450
Equivalent	40 Kgs	5680	160	5840

**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.