

Domestic Fundamentals:

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

In The News: Despite the lower production world cotton expected to rise in the coming season i.e. 2015-16 following the higher demand from South Asian countries. According to ICAC, Cotton exports from India would be around 1.34 million tones (78.8 lakh bales) in the next season around 27.62% higher when compared to the export of current season.

Cotton Corporation of India (CCI) has decided not to release the entire cotton stocks immediately in the market, rather it will release in the phases. Textile industry is constantly demanding CCI to release the stocks so avoid artificial shortage of cotton. CCI has procured around 86 lakh bales of cotton at MSP this season, highest procurement since 2008-09, which has lifted the cotton prices in the domestic market which is putting the textile industry in the trouble by making raw cotton costlier.

The government is intended to procure 11 million bales of cotton in the current season ending in September. An ex-post facto approval by Cabinet Committee on Economic Affairs has been granted to engage Maharashtra State Co-operative Cotton Growers Marketing Federation (MSCCGMFL) as a sub agent of CCI to undertake procurement operations. CCI is likely to procure 10 million bales in 2014-15 whereas MSCCGMFL would procure one million bales. MSCCGMFL will procure cotton in Maharashtra. Till date CCI has procured 8.7 million bales of cotton highest since 2008-09 when it was 89.35 million bales.

Export of raw cotton from India has declined during the period of Apr 2014-Feb 2015 by around 41.32% in terms of quantity and 46.60% in terms of value when compared to corresponding period last year, according to the government sources.

Cotton association of India (CAI) has revised the estimates for the cotton output in country at 391 lakh bales for the current season. CAI had estimated cotton output at 396 lakh bales earlier in March, and revised the same this month due to unusual rain occurred previous month.

According to CAI, around 318.4 lakh bales of cotton have arrived in the market till March end. Around 79.5 lakh bales has been arrived in Mandis of Gujarat, 66.8 lakh bales has been arrived Maharashtra. In central India which includes Gujarat, Maharashtra and Madhya Pradesh, recorded the total arrival of 161.8 lakh bales till March end.

India exported 0.544 lakh bales of cotton last week (20-26 April 2015), which was 1.040 lakh bales previous to last week (13-19 April 2015), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.235 lakh bales last week, which was 0.089 lakh bales previous to last week.

Indian Cotton Association Limited (ICAL) with association of technical expertise by Monsanto India Limited, is planning to adopt some of the cotton growing villages in north India, in order to provide assistance to the cotton growers about the better practices for the cotton production, from sowing till harvesting.

International Fundamentals:

The International Cotton Advisory Committee (ICAC) has revised the world ending stocks estimates for 2015/16 at 21.23 million tones which was estimated 21.21 million tones in April 2015/16. On the production side ICAC foresees the production at 23.89 million tones for season 2015/16 which was earlier estimated at 23.99 million tones in April 2015.

Cotton prices in China have been rebounding marginally since mid April, on better yarn sales of downstream companies. The benchmark cotton contract for September delivery, which rose 0.22 percent by the end of Tuesday, surged to the highest of 13,530 yuan/tonne and hit the lowest of 13,355 yuan/tonne during Tuesday session, recording a fluctuating range of nearly 200 yuan in a day, according to Reuters.

Around 12% of cotton planting has been completed in USA as on April 26 this year, which was 8% last week and 10% last year on same date, according to USDA. The five year average sowing progress is 16% as on date, same as the current sowing pace.

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-16	4	956.5	967	956.5	961	1934	1934	2275	2275
Spread	Apr-15								
Spot	-9		--		--		--		

(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 05 May 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-15	170	16700	16890	16680	16840	1626	-930	7369	74
Jun-15	190	16930	17140	16930	17080	1168	264	3040	587
Jul-15	140	17110	17290	17100	17230	416	29	2052	252
Oct-15	0	17670	17670	17670	17670	1	-2	8	5
--	--	--	--	--	--	--	--	--	--
Spread	May-15	Jun-15	Jul-15	Oct-15	--		--		
Spot	--								
May-15		-240							
Jun-15			-150						
Jul-15				-440					
Oct-15									
--									

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

* Updated at 5:00 pm on 05 May 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		5-May-15	4-May-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4700	4650	50
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	4760	4685	75
Patan	B.T. Cotton	4875	4715	160
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	4725	NR	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4800	4800	Unch
Adampur	B.T. Cotton	4890	4850	40
Fatehabad	B.T. Cotton	4800	4800	Unch
Dabwali	B.T. Cotton	NA	NA	-
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	4900	4500	400
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
	Kapas			
Ahmedabad	Shankar-6	4800	4750	50
Gondal	Shankar-6	4695	4700	-5
	Kapas			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4750	4760	-10
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	4050	4050	Unch
Krishna	Un-Ginned	4050	NA	-
East Godavari	Un-Ginned	NA	4050	-
	Lint	Rs/Maund (of 37.32 kgs. each)		
Abohar	J-34	3880	3860	20
Muktsar	J-34	3840	3840	Unch
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3870	3840	30
Sirsa	J-34	3820	3800	20
Sri-Ganganagar	J-34	3572	3431	141

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		5-May-15	4-May-15	
Amravati	Mech-1	550	400	150
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	1250	1315	-65
Patan	B.T. Cotton	1235	1183	52
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	47	NR	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NA	NA	-
Adampur	B.T. Cotton	NA	170	-
Fatehabad	B.T. Cotton	NA	NA	-
Dabwali	B.T. Cotton	NA	NA	-
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	NA	NA	-
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
Ahmedabad	Shankar-6	17000	20400	-3400
Gondal	Shankar-6	329	709	-380
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	697	615	82
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	1	1	Unch
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	51	51	Unch
Bhatinda	J-34	NA	NA	-
Sirsa	J-34	85	85	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
				4-May-15	2-May-15	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	34600	34600	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	35100	35100	Unch
J-34(202)	26mm	3.5 - 4.9	23	35600	35500	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	34100	34000	100
Shankar-6(105)	29mm	3.5 - 4.9	28	34800	34700	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	36500	36500	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	37200	37200	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	46500	46500	Unch

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

Centre	Unit	Price		Change
		5-May-15	4-May-15	
Rajkot	Rs. /10 Kg.	610	600	10
New Delhi	Rs. /10 Kg.	600	595	5
Hyderabad	Rs. /10 Kg.	590	600	-10
Mumbai	Rs. /10 Kg.	610	605	5

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

Centre	Unit	Price		Change
		5-May-15	4-May-15	
Mahesana (Kadi)	Rs./Qtl	1893	Closed	-
Akola	Rs./Qtl	1838	Closed	-

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 05/5/2015

Index	RMB/Ton	Change
CCIndex(328)	13403	7
CCIndex(527)	12343	6
CCIndex(229)	14107	16

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

Cotlook Index: As on 1/5/2015

Cotlook Indices	Cents/Pound	Change
A-Index	74.70	0.75

USDA Cotton Spot Rates: As on 4/5/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	66.17	69.42	NIL
North Delta	65.17	67.92	NIL
South Delta	65.17	67.92	NIL
East TX-OK	62.00	64.25	352
West Texas	62.00	64.25	500
Desert SW	64.42	70.92	NIL
SJ Valley	65.42	75.32	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 4/5/2015

Contract	Open	High	Low	Close	Change
15-May	66.91	66.91	66.91	66.91	0.06
15-Jul	66.61	66.89	65.82	66.67	0.06
15-Oct	66.10	66.67	66.10	66.67	0.37
15-Dec	66.35	66.80	65.80	66.66	0.21
16-Mar	66.10	66.37	65.45	66.23	0.23
16-May	66.25	66.36	65.71	66.10	-0.01

Pakistan Cotton Spot rates: As on 04/5/2015 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5350	150	5500
Equivalent	40 Kgs	5734	160	5894

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.