

## Domestic Fundamentals:

**Market Outlook:** Cotton spot market noticed mixed tone on Monday.

**In The News:** Around 88 percent of cotton has arrived in the market as on 28 April, 2015 said CCI. According to CCI approximately 34 million bales of cotton (roughly 88 percent of production estimates for MY 2014/15) has been arrived in the market till the mentioned date which was 33.41 million bales during the corresponding period last year.

Cotton Corporation of India (CCI) has sold 1.08 million bales of cotton until May 7 this year from its stock procured under MSP operation. According to the officials this is the highest offloading of stock since 2012-13. On daily basis, CCI is releasing 70,000-75,000 bales of cotton in domestic market.

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.

### 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   | 0      | 947.5 | 953  | 940.5 | 942   | 1128   | 335    | 2370 | 41     |
| Spread   | Apr-15 |       |      |       |       |        |        |      |        |
| Spot     | 28     |       |      |       | --    |        |        |      | --     |

(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 11 May 2015

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

| Contract | +/-    | Open   | High   | Low    | Close | Volume | Change | OI   | Change |
|----------|--------|--------|--------|--------|-------|--------|--------|------|--------|
| May-15   | -60    | 16640  | 16690  | 16480  | 16490 | 1439   | 458    | 7187 | -170   |
| Jun-15   | -70    | 16880  | 16930  | 16700  | 16720 | 763    | 393    | 3270 | 118    |
| Jul-15   | -70    | 17020  | 17060  | 16840  | 16840 | 156    | 41     | 2364 | 159    |
| Oct-15   | 660    | 17870  | 17870  | 17870  | 17870 | 1      | 1      | 12   | 1      |
| Nov-15   | --     | --     | --     | --     | --    | --     | --     | --   | --     |
| Spread   | May-15 | Jun-15 | Jul-15 | Oct-15 | --    |        | --     |      |        |
| Spot     | --     |        |        |        |       |        |        |      |        |
| May-15   |        | -230   |        |        |       |        |        |      |        |
| Jun-15   |        |        | -120   |        |       |        |        |      |        |
| Jul-15   |        |        |        | -1030  |       |        |        |      |        |
| Oct-15   |        |        |        |        |       |        |        |      |        |
| Nov-15   |        |        |        |        |       |        |        |      |        |

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

\* Updated at 5:00 pm on 11 May 2015

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

| Centre                 | Variety         | Prices                              |          | Change |
|------------------------|-----------------|-------------------------------------|----------|--------|
|                        |                 | 11-May-15                           | 9-May-15 |        |
|                        | <b>Kapas</b>    | <b>(Rs./Qtl)</b>                    |          |        |
| Amravati               | Mech-1          | 4750                                | 4725     | 25     |
| Khandwa                | Mech-1          | NA                                  | NA       | -      |
| Khargaon               | Mech-1          | NA                                  | NA       | -      |
|                        | <b>Kapas</b>    |                                     |          |        |
| Mahesana(Kadi)         | B.T. Cotton     | NA                                  | NA       | -      |
| Rajkot                 | B.T. Cotton     | 4850                                | 4855     | -5     |
| Patan                  | B.T. Cotton     | 4955                                | 4790     | 165    |
| Deesa                  | B.T. Cotton     | NA                                  | NA       | -      |
| Dhrol                  | B.T. Cotton     | 4780                                | NA       | -      |
| Muktsar                | B.T. Cotton     | NA                                  | NA       | -      |
| Fazilika               | B.T. Cotton     | NA                                  | NA       | -      |
| Bhiwani                | B.T. Cotton     | 4850                                | 4900     | -50    |
| Adampur                | B.T. Cotton     | 4840                                | 4890     | -50    |
| Fatehabad              | B.T. Cotton     | 4850                                | 4950     | -100   |
| Dabwali                | B.T. Cotton     | NA                                  | NA       | -      |
| Jind                   | B.T. Cotton     | NA                                  | NA       | -      |
| Uchana (Jind)          | B.T. Cotton     | NA                                  | NA       | -      |
| Rawatsar (Hanumangarh) | B.T. Cotton     | 4760                                | 4900     | -140   |
| 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       | 4900                                | 4850     | 50     |
| Gondal                 | Shankar-6       | 4680                                | 4835     | -155   |
|                        | <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     | 4750                                | 4800     | -50    |
| Guntur                 | Un-Ginned       | NA                                  | NA       | -      |
| Kurnool                | Un-Ginned       | NA                                  | NA       | -      |
| Krishna                | Un-Ginned       | NA                                  | NA       | -      |
| East Godavari          | Un-Ginned       | 4050                                | NA       | -      |
|                        | <b>Lint</b>     | <b>Rs/Maund (of 37.32 kgs each)</b> |          |        |
| Abohar                 | J-34            | 3890                                | 3900     | -10    |
| Muktsar                | J-34            | 3890                                | 3900     | -10    |
| Fazilika               | J-34            | NA                                  | NA       | -      |
| Bhatinda               | J-34            | 3900                                | 3900     | Unch   |
| Sirsa                  | J-34            | 3840                                | 3830     | 10     |
| Sri-Ganganagar         | J-34            | 3596                                | 3596     | Unch   |

**Cotton Arrivals in Key Centers:**

| Centre                 | Variety         | Arrivals (Qtl) |          | Change |
|------------------------|-----------------|----------------|----------|--------|
|                        |                 | 11-May-15      | 9-May-15 |        |
| Amravati               | Mech-1          | 450            | 300      | 150    |
| Khandwa                | Mech-1          | NA             | NA       | -      |
| Khargaon               | Mech-1          | NA             | NA       | -      |
|                        |                 |                |          |        |
| Mahesana(Kadi)         | B.T. Cotton     | NA             | NA       | -      |
| Rajkot                 | B.T. Cotton     | 1025           | 1115     | -90    |
| Patan                  | B.T. Cotton     | 1234           | 1310     | -76    |
| Deesa                  | B.T. Cotton     | NA             | NA       | -      |
| Dhrol                  | B.T. Cotton     | 88             | NA       | -      |
| Fazilika               | B.T. Cotton     | NA             | NA       | -      |
| Muktsar                | B.T. Cotton     | NA             | NA       | -      |
| Bhiwani                | B.T. Cotton     | NA             | NA       | -      |
| Adampur                | B.T. Cotton     | NA             | NA       | -      |
| 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       | 175            | 352      | -177   |
|                        |                 |                |          |        |
| Jamner (Jalgaon)       | Medium Staple   | NA             | NA       | -      |
| Hathras                | Desi            | NA             | NA       | -      |
| Bijapur                | Bunny           | NA             | NA       | -      |
| Hubli                  | D.C.H.          | NA             | NA       | -      |
| Raichur                | H-44 Cotton     | 885            | 690      | 195    |
| Guntur                 | Un-Ginned       | NA             | NA       | -      |
| Kurnool                | Un-Ginned       | NA             | NA       | -      |
| Krishna                | Un-Ginned       | NA             | NA       | -      |
| East Godavari          | Un-Ginned       | NA             | NA       | -      |
|                        |                 |                |          |        |
| Abohar                 | J-34            | NA             | NA       | -      |
| 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/<br>GPT | Rs. Per<br>Candy | Rs. Per<br>Candy | Change |
|--|------------|------------|------------------|------------------|------------------|--------|
|  |            |            |                  | 6-May-15         | 5-May-15         |        |
| Bengal Deshi (RG)/Assam<br>Comilla (101) | Below 22mm | 5.0 - 7.0  | 15               | 35400            | 35100            | 300    |
| Bengal Deshi (SG)(201)                   | Below 22mm | 5.0 - 7.0  | 15               | 35900            | 35600            | 300    |
| J-34(202)                                | 26mm       | 3.5 - 4.9  | 23               | 36200            | 35900            | 300    |
| H-4/ MECH-1(105)                         | 28mm       | 3.5 - 4.9  | 27               | 34800            | 34500            | 300    |
| Shankar-6(105)                           | 29mm       | 3.5 - 4.9  | 28               | 35500            | 35200            | 300    |
| Bunny/ Brahma(105)                       | 31mm       | 3.5 - 4.9  | 30               | 37200            | 36900            | 300    |
| MCU-5/ Surabhi(106)                      | 32mm       | 3.3 - 4.9  | 31               | 37900            | 37600            | 300    |
| 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 |
|-----------|-------------|-----------|----------|--------|
|           |             | 11-May-15 | 9-May-15 |        |
| Rajkot    | Rs. /10 Kg. | 625       | 612      | 13     |
| New Delhi | Rs. /10 Kg. | 630       | 610      | 20     |
| Hyderabad | Rs. /10 Kg. | 590       | 590      | Unch   |
| Mumbai    | Rs. /10 Kg. | 618       | 615      | 3      |

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

| Centre          | Unit    | Price     |          | Change |
|-----------------|---------|-----------|----------|--------|
|                 |         | 11-May-15 | 9-May-15 |        |
| Mahesana (Kadi) | Rs./Qtl | 1936      | Closed   | -      |
| Akola           | Rs./Qtl | 1854      | Closed   | -      |

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 11/5/2015**

| Index        | RMB/Ton | Change |
|--------------|---------|--------|
| CCIndex(328) | 13393   | -3     |
| CCIndex(527) | 12326   | -5     |
| CCIndex(229) | 14115   | Unch   |

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

**Cotlook Index: As on 8/5/2015**

| Cotlook Indices | Cents/Pound | Change       |
|-----------------|-------------|--------------|
| A-Index         | 72.85       | <b>-0.25</b> |

**USDA Cotton Spot Rates: As on 8/5/2015**

| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals    |
|-------------|---------------------|---------------------|-------------|
|             | cents/lb.           |                     | bales       |
| Southeast   | 65.66               | 68.91               | <b>2200</b> |
| North Delta | 64.66               | 67.41               | <b>22</b>   |
| South Delta | 64.66               | 67.41               | <b>NIL</b>  |
| East TX-OK  | 62.00               | 64.25               | <b>NIL</b>  |
| West Texas  | 62.00               | 64.25               | <b>NIL</b>  |
| Desert SW   | 63.91               | 70.41               | <b>NIL</b>  |
| SJ Valley   | 64.91               | 74.81               | <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 8/5/2015**

| Contract | Open  | High  | Low   | Close | Change      |
|----------|-------|-------|-------|-------|-------------|
| 15-Jul   | 65.53 | 66.22 | 65.28 | 66.16 | <b>0.63</b> |
| 15-Oct   | 65.80 | 66.06 | 65.80 | 66.06 | <b>0.56</b> |
| 15-Dec   | 65.41 | 66.00 | 65.10 | 65.94 | <b>0.51</b> |
| 16-Mar   | 65.36 | 65.90 | 65.02 | 65.85 | <b>0.45</b> |
| 16-May   | 65.68 | 66.00 | 65.68 | 65.95 | <b>0.37</b> |
| 16-Jul   | 65.97 | 66.20 | 65.97 | 66.16 | <b>0.25</b> |

**Pakistan Cotton Spot rates: As on 09/5/2015 (in Pakistan Rupees)**

| Product    | Rate for  | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
|------------|-----------|--------------|------------------|-------------------|
| Cotton     | 37.32 Kgs | 5450         | 150              | 5600              |
| Equivalent | 40 Kgs    | 5841         | 160              | 6001              |

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