

Domestic Fundamentals:

Market Outlook: Cotton spot market noticed mixed tone on Tuesday.

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	3.5	937	943	937	942	542	-586	2373	3
Spread	Apr-15								
Spot	36				--				--

(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 12 May 2015

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

FOM Cotton Futures - Prices in Rs/100 lbs									
Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-15	30	16450	16520	16380	16430	908	-531	7083	-104
Jun-15	0	16690	16740	16610	16640	465	-298	3468	198
Jul-15	-20	16870	16880	16740	16770	83	-73	2386	22
Nov-15	120	17100	17100	17100	17100	1	0	66	54
-	--	--	--	--	--	--	--	--	--
Spread	May-15	Jun-15	Jul-15	Nov-15	--		--		
Spot	--								
May-15		-210							
Jun-15			-130						
Jul-15				-330					
Nov-15									
-									

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

* Updated at 5:00 pm on 12 May 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		12-May-15	11-May-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4750	4750	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	4890	4850	40
Patan	B.T. Cotton	4875	4955	-80
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	4855	4780	75
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4850	4850	Unch
Adampur	B.T. Cotton	4840	4840	Unch
Fatehabad	B.T. Cotton	4800	4850	-50
Dabwali	B.T. Cotton	NA	NA	-
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	4700	4760	-60
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
	Kapas			
Ahmedabad	Shankar-6	4900	4900	Unch
Gondal	Shankar-6	4855	4680	175
	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	5000	4750	250
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	4050	NA	-
Krishna	Un-Ginned	4050	NA	-
East Godavari	Un-Ginned	4050	4050	Unch
	Lint	Rs/Maund (of 37.32 kg each)		
Abohar	J-34	3870	3890	-20
Muktsar	J-34	3870	3890	-20
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3900	3900	Unch
Sirsa	J-34	3820	3840	-20
Sri-Ganganagar	J-34	3596	3596	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		12-May-15	11-May-15	
Amravati	Mech-1	425	450	-25
Khandwa	Mech-1	NA	NA	-
Khargaan	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	820	1025	-205
Patan	B.T. Cotton	1280	1234	46
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	65	88	-23
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	17000	Unch
Gondal	Shankar-6	367	175	192
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	637	885	-248
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	1	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/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				11-May-15	6-May-15	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	35400	35400	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	35900	35900	Unch
J-34(202)	26mm	3.5 - 4.9	23	36000	36200	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	34700	34800	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	35500	35500	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	37100	37200	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	37800	37900	-100
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
		12-May-15	11-May-15	
Rajkot	Rs. /10 Kg.	625	625	Unch
New Delhi	Rs. /10 Kg.	635	630	5
Hyderabad	Rs. /10 Kg.	600	590	10
Mumbai	Rs. /10 Kg.	618	618	Unch

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

Centre	Unit	Price		Change
		12-May-15	11-May-15	
Mahesana (Kadi)	Rs./Qtl	1925	1936	-11
Akola	Rs./Qtl	1858	1854	4

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 12/5/2015		
Index	RMB/Ton	Change
CCIndex(328)	13382	-11
CCIndex(527)	12316	-10
CCIndex(229)	14098	-17
RMB - Renminbi, 1RMB = 0.16 \$U.S.		

Cotlook Index: As on 11/5/2015

Cotlook Indices	Cents/Pound	Change
A-Index	73.55	0.70

USDA Cotton Spot Rates: As on 11/5/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	64.89	68.14	NIL
North Delta	63.89	66.64	NIL
South Delta	63.89	66.64	NIL
East TX-OK	61.25	63.5	NIL
West Texas	61.25	63.5	NIL
Desert SW	63.14	69.64	NIL
SJ Valley	64.14	74.04	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 11/5/2015

Contract	Open	High	Low	Close	Change
15-Jul	66.16	66.31	64.65	65.39	-0.77
15-Oct	66.00	66.13	64.55	65.29	-0.77
15-Dec	65.91	65.92	64.55	65.28	-0.66
16-Mar	65.30	65.49	64.51	65.33	-0.52
16-May	65.03	65.46	64.79	65.46	-0.49
16-Jul	65.36	65.66	65.17	65.66	-0.50

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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