

## Domestic Fundamentals:

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

**In The News:** Cotton production in India would be on lower side in 2015-16, said USDA. Cotton output in the country would be around 6.423 million ton in the coming season, slightly lower than when compared to the current season which would be around 6.523 million tones. Acreage of cotton in India would shrink in the coming season to 12 million hectares from 12.7 million hectares in the current season. Yield of cotton would be higher at 535 kg per hectare in the coming season as compared to 514 kg per hectare in the current season.

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.

### International Fundamentals:

World cotton production is likely to decline in 2015-16 following the fall in area and yield, said USDA. According to the first estimate for 2015/16 released on May 12, cotton production on the global front is likely to stand around 24.22 million tons in 2015-16 around 6.73% lower when compared to the estimated production for season 2014-15 which is 25.97 million tons.

Cotton acreage on global front would be around 31.77 million hectares around 6.09 percent lower when compared to acreage of current season which was 33.83 million hectares. Yield in the coming season according to USDA would be around 763 kg per hectares around 0.65 percent lower when compared to the yield of current season which was 768 kg per hectares.

World consumption is likely to cross world production in the forthcoming season, said USDA in its latest release. World cotton consumption is likely to stand around 25.102 million tons in the season 2015-16 whereas production would be around 24.22 million tones. Cotton consumption in India too is likely to surge up to 5.606 million tons in the coming season compared to 5.334 million tons in the current season.

### 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	-6	942.5	947	934.5	937.5	879	337	2609	236
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 13 May 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-15	-110	16460	16470	16280	16320	964	56	6930	-153
Jun-15	-110	16650	16710	16500	16540	664	199	3403	-65
Jul-15	-110	16760	16830	16650	16660	87	4	2391	5
Nov-15	-70	17580	17600	17450	17470	54	53	63	-3
Nov-15	-70	17080	17100	17010	17030	57	--	93	--
Spread	May-15	Jun-15	Jul-15	Oct-15	Nov-15	--			
Spot	--								
May-15		-220							
Jun-15			-120						
Jul-15				-810					
Oct-15					440				
Nov-15									

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

\* Updated at 5:00 pm on 13 May 2015

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

Centre	Variety	Prices		Change
		13-May-15	12-May-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4700	4750	<b>-50</b>
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	4870	4890	<b>-20</b>
Patan	B.T. Cotton	4950	4875	<b>75</b>
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	4855	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4850	4850	<b>Unch</b>
Adampur	B.T. Cotton	4785	4840	<b>-55</b>
Fatehabad	B.T. Cotton	4750	4800	<b>-50</b>
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	4700	<b>Unch</b>
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	4800	4900	<b>-100</b>
Gondal	Shankar-6	4875	4855	<b>20</b>
	<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	NA	5000	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	4050	4050	<b>Unch</b>
Krishna	Un-Ginned	NA	4050	-
East Godavari	Un-Ginned	4050	4050	<b>Unch</b>
	<b>Lint</b>	<b>Rs/Maund (of 37.32 kg each)</b>		
Abohar	J-34	3880	3870	<b>10</b>
Muktsar	J-34	3880	3870	<b>10</b>
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3885	3900	<b>-15</b>
Sirsa	J-34	3800	3820	<b>-20</b>
Sri-Ganganagar	J-34	3596	3596	<b>Unch</b>

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		13-May-15	12-May-15	
Amravati	Mech-1	300	425	-125
Khandwa	Mech-1	NA	NA	-
Khargaan	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	1420	820	600
Patan	B.T. Cotton	1715	1280	435
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	65	-
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	700	367	333
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	637	-
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	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
				12-May-15	11-May-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	35300	35400	-100
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	35800	35900	-100
J-34(202)	26mm	3.5 - 4.9	23	35800	36000	-200
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	34700	34700	Unch
Shankar-6(105)	29mm	3.5 – 4.9	28	35500	35500	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	37100	37100	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	37800	37800	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	46200	46500	-300

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

Centre	Unit	Price		Change
		13-May-15	12-May-15	
Rajkot	Rs. /10 Kg.	625	625	Unch
New Delhi	Rs. /10 Kg.	640	635	5
Hyderabad	Rs. /10 Kg.	600	600	Unch
Mumbai	Rs. /10 Kg.	625	618	7

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

Centre	Unit	Price		Change
		13-May-15	12-May-15	
Mahesana (Kadi)	Rs./Qtl	1930	1925	5
Akola	Rs./Qtl	1854	1858	-4

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 13/5/2015**

Index	RMB/Ton	Change
CCIndex(328)	13381	-1
CCIndex(527)	12295	-21
CCIndex(229)	14098	Unch

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

**Cotlook Index: As on 12/5/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	72.95	-0.60

**USDA Cotton Spot Rates: As on 12/5/2015**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	64.52	67.77	42
North Delta	63.52	66.27	NIL
South Delta	63.52	66.27	NIL
East TX-OK	61.00	63.25	295
West Texas	61.00	63.25	205
Desert SW	62.77	69.27	NIL
SJ Valley	63.77	73.67	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 12/5/2015**

Contract	Open	High	Low	Close	Change
15-Jul	65.39	65.57	64.57	65.02	-0.37
15-Oct	65.40	65.44	64.46	65.01	-0.28
15-Dec	65.40	65.45	64.18	64.83	-0.45
16-Mar	65.36	65.47	64.26	64.91	-0.42
16-May	65.44	65.44	64.60	65.17	-0.29
16-Jul	65.00	65.60	65.00	65.52	-0.14

**Pakistan Cotton Spot rates: As on 12/5/2015 (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

**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.