

Domestic Fundamentals:

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

In The News: India exported 0.41 lakh bales of cotton last week (04-10 May 2015), which was 0.426 lakh bales previous to last week (27 Apr-03 May 2015), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.091 lakh bales last week, which was 0.177 lakh bales previous to last week.

Cotton exports in the coming season that is 2015-16 is likely to be around at 1.089 million tones (64.05 lakh bales approx.) around 28.6% lower when compared to 849 million tones (49.9 lakh bales approx.) in the current season

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.

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.

International Fundamentals:

Cotton ending stocks are expected decline in the coming season for the first time in the last five years. Lower production and higher consumption would lead the ending stocks to fall. In the upcoming season ending stocks would be around 23.143 million tons round 3.59% lower when compared to the estimated figure of 24.005 million tons in the current season.

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	5	938.5	945	938	941	661	-218	2449	-160
Spread	Apr-15								
Spot	26				--		--		

(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 14 May 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-15	120	16410	16530	16410	16490	1098	134	6624	-306
Jun-15	110	16630	16750	16630	16700	554	-110	3487	84
Jul-15	100	16770	16860	16770	16810	101	14	2398	7
Nov-15	--	--	--	--	--	--	--	--	--
Nov-15	--	--	--	--	--	--	--	--	--
Spread	May-15	Jun-15	Jul-15	Oct-15	Nov-15	--			
Spot	--								
May-15		-210							
Jun-15			-110						
Jul-15				--					
Oct-15					--				
Nov-15									

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

* Updated at 5:00 pm on 14 May 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		14-May-15	13-May-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4700	4700	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	4835	4870	-35
Patan	B.T. Cotton	4810	4950	-140
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	4830	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4850	4850	Unch
Adampur	B.T. Cotton	4725	4785	-60
Fatehabad	B.T. Cotton	4700	4750	-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	4680	4700	-20
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
	Kapas			
Ahmedabad	Shankar-6	4850	4800	50
Gondal	Shankar-6	4870	4875	-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	NA	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	4050	4050	Unch
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	4050	4050	Unch
	Lint	Rs/Maund (of 37.32 kgs each)		
Abohar	J-34	3850	3880	-30
Muktsar	J-34	3870	3880	-10
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3860	3885	-25
Sirsa	J-34	3750	3800	-50
Sri-Ganganagar	J-34	3572	3596	-24

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		14-May-15	13-May-15	
Amravati	Mech-1	250	300	-50
Khandwa	Mech-1	NA	NA	-
Khargaan	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	1315	1420	-105
Patan	B.T. Cotton	860	1715	-855
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	128	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	17000	Unch
Gondal	Shankar-6	220	700	-480
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	615	NA	-
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	Prices (Rs. Per Candy)		Change
				13-May-15	12-May-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	35000	35300	-300
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	35500	35800	-300
J-34(202)	26mm	3.5 - 4.9	23	35500	35800	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	34700	34700	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	35400	35500	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	37000	37100	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	37800	37800	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	46000	46200	-200

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

Centre	Unit	Price		Change
		14-May-15	13-May-15	
Rajkot	Rs. /10 Kg.	620	625	-5
New Delhi	Rs. /10 Kg.	640	640	Unch
Hyderabad	Rs. /10 Kg.	600	600	Unch
Mumbai	Rs. /10 Kg.	620	625	-5

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

Centre	Unit	Price		Change
		14-May-15	13-May-15	
Mahesana (Kadi)	Rs./Qtl	1933	1930	3
Akola	Rs./Qtl	1850	1854	-4

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 14/5/2015

Index	RMB/Ton	Change
CCIndex(328)	13366	-15
CCIndex(527)	12290	-5
CCIndex(229)	14071	-27

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

Cotlook Index: As on 13/5/2015

Cotlook Indices	Cents/Pound	Change
A-Index	72.70	-0.25

USDA Cotton Spot Rates: As on 13/5/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	65.27	68.52	NIL
North Delta	64.27	67.02	NIL
South Delta	64.27	67.02	NIL
East TX-OK	61.75	64.00	NIL
West Texas	61.75	64.00	196
Desert SW	63.52	70.02	1496
SJ Valley	64.52	74.42	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 13/5/2015

Contract	Open	High	Low	Close	Change
15-Jul	65.19	65.80	64.85	65.77	0.75
15-Oct	64.97	66.60	64.97	65.88	0.87
15-Dec	64.91	65.85	64.84	65.79	0.96
16-Mar	64.96	65.95	64.90	65.89	0.98
16-May	65.21	66.18	65.21	66.18	1.01
16-Jul	66.58	66.58	66.58	66.58	1.06

Pakistan Cotton Spot rates: As on 13/5/2015 (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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