

Domestic Fundamentals:

Market Outlook: Cotton spot market noticed mostly steady tone on Friday.

In The News: Department of Agriculture and Co-operation (DAC), Ministry of Agriculture (MoA) has revised the cotton production estimates up for season 2014-15 at 353.28 lakh bales in its third advance estimates against the target of 350 lakh bales and 351.52 lakh bales which was estimated in second advance estimates. The final estimate of cotton production for season 2013-14, as estimated by DAC was 359.02 lakh bales.

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, said USDA.

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.

International Fundamentals:

China cotton imports in the coming season is likely to drop by around 22.07% to 1.306 million tons in the coming season that is 2015-16 from 1.676 million tons in the current season, said USDA.

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	-3	944.5	945.5	938	940	541	-120	2508	59
Spread	Apr-15								
Spot	22				--		--		

(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 15 May 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-15	10	16510	16580	16500	16540	829	-269	6779	155
Jun-15	10	16720	16790	16700	16750	562	8	3537	50
Jul-15	10	16860	16900	16830	16870	208	107	2349	-49
Oct-15	90	17590	17590	17590	17590	1	78	--	--
Nov-15	--	--	--	--	--	--	--	--	--
Spread	May-15	Jun-15	Jul-15	Oct-15	Nov-15	--			
Spot	--								
May-15		-210							
Jun-15			-120						
Jul-15				-720					
Oct-15					--				
Nov-15									

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

* Updated at 5:00 pm on 15 May 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		15-May-15	14-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	4810	4835	-25
Patan	B.T. Cotton	4900	4810	90
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	4790	4830	-40
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4850	4850	Unch
Adampur	B.T. Cotton	4750	4725	25
Fatehabad	B.T. Cotton	4750	4700	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	4680	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	4850	Unch
Gondal	Shankar-6	4845	4870	-25
	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	4750	Unch
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	3860	3850	10
Muktsar	J-34	3870	3870	Unch
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3870	3860	10
Sirsa	J-34	3740	3750	-10
Sri-Ganganagar	J-34	3596	3572	24

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		15-May-15	14-May-15	
Amravati	Mech-1	200	250	-50
Khandwa	Mech-1	NA	NA	-
Khargaan	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	1080	1315	-235
Patan	B.T. Cotton	1125	860	265
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	31	128	-97
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	202	220	-18
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	397	615	-218
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
				14-May-15	13-May-15	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	35100	35000	100
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	35600	35500	100
J-34(202)	26mm	3.5 - 4.9	23	35300	35500	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	34600	34700	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	35300	35400	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	37000	37000	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	37800	37800	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	46000	46000	Unch

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

Centre	Unit	Price		Change
		15-May-15	14-May-15	
Rajkot	Rs. /10 Kg.	625	620	5
New Delhi	Rs. /10 Kg.	640	640	Unch
Hyderabad	Rs. /10 Kg.	610	600	10
Mumbai	Rs. /10 Kg.	615	620	-5

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

Centre	Unit	Price		Change
		15-May-15	14-May-15	
Mahesana (Kadi)	Rs./Qtl	1935	1933	2
Akola	Rs./Qtl	1840	1850	-10

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 15/5/2015

Index	RMB/Ton	Change
CCIndex(328)	13356	-10
CCIndex(527)	12290	Unch
CCIndex(229)	14069	-2

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

Cotlook Index: As on 14/5/2015

Cotlook Indices	Cents/Pound	Change
A-Index	73.35	0.65

USDA Cotton Spot Rates: As on 14/5/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	65.78	69.03	447
North Delta	65.03	67.78	NIL
South Delta	65.03	67.78	NIL
East TX-OK	62.5	64.75	274
West Texas	62.5	64.75	311
Desert SW	64.28	70.78	NIL
SJ Valley	65.28	75.18	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 14/5/2015

Contract	Open	High	Low	Close	Change
15-Jul	65.89	66.73	65.59	66.53	0.76
15-Oct	66.85	66.85	66.52	66.78	0.90
15-Dec	65.85	66.54	65.60	66.50	0.71
16-Mar	65.99	66.43	65.95	66.39	0.50
16-May	66.21	66.60	66.21	66.51	0.33
16-Jul	66.60	67.00	66.60	66.83	0.25

Pakistan Cotton Spot rates: As on 14/5/2015 (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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