

Domestic Fundamentals:

Market Outlook: Cotton market noticed mixed tone.

In The News: Cotton export from India is expected to rise in 2015-16. According to ICAC, cotton exports from India in 2015-16 would be around 1.41 million tons around 16.82% higher when compared to the export of current season which would be around 1.207 million tons.

According to the IBIS data, cumulative exports this season during the period of Oct'14-Feb'15 stood 32.2 lakh bales, around 58.05% lower when compared to the export during the same period last season, which was 76.7 lakh bales. Imports on the other hand recorded on the higher side during the initial months of the seasons. Cumulative Import for the period of Oct'14-Feb'15 remained 4.88 lakh bales which was 2.4 lakh bales in the previous season during the same period.

In this season, The Cotton Corporation of India (CCI) is likely to meet or even cross the record procurement figure of 2009, when it had purchased 89 lakh bales. CCI has so far procured more than 8 million bales, which is 20% of the total crop expected for the cotton year (October-September) 2014-15, exceeding its earlier target of 75 lakh bales. Meanwhile, sale operations of CCI have not picked up as anticipated and till date it has sold some 2.5 to 3 lakh bales. Procurement has slowed down in the last 15 days owing to reduced arrivals on the back of unseasonal rains. As against normal procurement of 2 lakh bales a day, CCI is now procuring some 1-1.5 lakh bales a day.

Cotton production in India could fall by 4.28 percent in the next season i.e. 2015-16 to 6.48 million tons compared to 6.77 million tons in the current season, said International Cotton Advisory Committee (ICAC).

Despite the lower output, cotton export from India is expected to rise in 2015-16. According to ICAC, cotton exports from India in 2015-16 would be around 1.41 million tons around 16.82% higher when compared to the export of current season which would be around 1.207 million tons. The causes of this significant change in Indian cotton exports are basically the fall in cotton production in China and the world, higher import demand from China and lower world ending stocks in 2015-16.

Government of Madhya Pradesh has decided to lower the mandi tax levied on cotton grown in the state to 1% which was 2% earlier. It should be noted that state generate the revenue of Rs 50 crore approximately by levying the 2% mandi tax on cotton but to safeguard the interest of farmers, state has decided to cut the same to half to 1%.

India exported 2.34 lakh bales of cotton last week (23 Feb-01 Mar 2015), which was 1.89 lakh previous week (06-22 Feb 2015), according to the data compiled by IBIS. Imports on the other hand stood 0.09 lakh bales last week, which was same i.e. 0.21 lakh bales previous to last week.

Union Budget has upset the textile industry by announcing the allocation of Rs 1,520 crore as Technology Upgradation Fund Scheme (TUFS) for year 2015-16, which was Rs 1,864 crore in 2014-15. Also budget has not considered any of demand proposed by the textile industry which includes the reduction in excise duty, removal of anti dumping duty, interest rate cap at 7% for exporter etc.

International Fundamentals:

According to International cotton advisory committee (ICAC) cotton production would be around 24.56 million tons in 2015-16, whereas consumption would stand around 24.69 million tons, surpassing the production. The same situation would not lead to supply deficit as the total supply i.e. production and opening stocks would be around 46.07 million tons in 2015-16 which is likely to be around 45.79 million tons in the current season.

Cotton export during season 2015-16 would be around 7.84 million tones approximately 4.21% higher when compared to 7.523 million tons in current season.

World cotton production is expected to be around 24.56 million tons in 2015-16 around 6.5 percent lower when compared to the production of current season which is likely to stand around 26.28 million tons, said International Cotton Advisory Committee (ICAC).

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-15	8	741	748	741	747	1509	449	10291	-329
Spread	Apr-15								
Spot	52				--		--		

(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 09 March 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-15	100	14890	15040	14890	14990	575	-580	5341	-333
Apr-15	130	15220	15300	15210	15240	238	-317	3851	-9
May-15	140	15450	15520	15440	15490	132	81	797	103
Jun-15	-10	15690	15690	15690	15690	2	2	107	-15
Spread	Mar-15	Apr-15	May-15	Jun-15	--		--		
Spot	--								
Mar-15		-250							
Apr-15			-250						
May-15				-200					
Jun-15									
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(NB: Spread Basis = Spot- Near Month Future)

* Updated at 5:00 pm on 09 March 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		9-Mar-15	7-Mar-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4000	NA	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4200	4100	100
Rajkot	B.T. Cotton	3995	4000	-5
Patan	B.T. Cotton	4115	4060	55
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	4200	4210	-10
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4160	4150	10
Adampur	B.T. Cotton	4065	4070	-5
Fatehabad	B.T. Cotton	3975	NA	-
Dabwali	B.T. Cotton	4050	NA	-
Jind	B.T. Cotton	4053	NA	-
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	NA	NA	-
Hubli	B.T. Cotton	NA	3989	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	4150	NA	-
	Kapas			
Ahmedabad	Shankar-6	4100	NA	-
Gondal	Shankar-6	3965	3955	10
	Kapas			
Jamner (Jalgaon)	Medium Staple	3850	3850	Unch
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	3439	-
Raichur	H-44 Cotton	NA	4030	-
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4200	4250	-50
Krishna	Un-Ginned	4050	NA	-
East Godavari	Un-Ginned	4000	NA	-
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	3400	3400	Unch
Muktsar	J-34	3400	3400	Unch
Fazilika	J-34	NA	NA	-

Bhatinda	J-34	3410	3405	5
Mansa	J-34	3385	3390	-5
Sirsa	J-34	3315	NA	-
Sri-Ganganagar	J-34	3112	NA	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		9-Mar-15	7-Mar-15	
Amravati	Mech-1	1800	NA	-
Khandwa	Mech-1	NA	NA	-
Khargaone	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	20000	35000	-15000
Rajkot	B.T. Cotton	1600	600	1000
Patan	B.T. Cotton	5420	3020	2400
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	103	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	340	680	-340
Bhiwani	B.T. Cotton	2000	2000	Unch
Adampur	B.T. Cotton	425	4070	-3645
Fatehabad	B.T. Cotton	200	NA	-
Dabwali	B.T. Cotton	350	NA	-
Jind	B.T. Cotton	51	NA	-
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	NA	NA	-
Hubli	B.T. Cotton	NA	34	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	500	NA	-
Ahmedabad	Shankar-6	59500	NA	-
Gondal	Shankar-6	1271	328	943
Jamner (Jalgaon)	Medium Staple	1090	1105	-15
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	6	-
Raichur	H-44 Cotton	NA	1665	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	15.2	7	8.2
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-

Abohar	J-34	425	340	85
Bhatinda	J-34	10200	NA	-
Mansa	J-34	340	340	Unch
Sirsa	J-34	595	NA	-
Sri-Ganganagar	J-34	1700	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				7-Mar-15	5-Mar-15	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	30100	30100	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	30600	30600	Unch
J-34(202)	26mm	3.5 - 4.9	23	31100	31100	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	30100	30100	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	30800	30800	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33200	33200	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34200	34200	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	39500	39500	Unch

Cotton Seed Oil Prices

Refined Cotton Seed Oil at Key Centers:

Centre	Unit	Price		Change
		9-Mar-15	7-Mar-15	
Rajkot	Rs. /10 Kg.	550	525	25
New Delhi	Rs. /10 Kg.	565	575	-10
Hyderabad	Rs. /10 Kg.	570	550	20
Mumbai	Rs. /10 Kg.	578	580	-2

Cotton Oil Seed Cake Prices

Cotton Oil Seed Cake Prices at Key Centers:

Centre	Unit	Price		Change
		9-Mar-15	7-Mar-15	
Mahesana (Kadi)	Rs./Qtl	NA	NA	-
Akola	Rs./Qtl	NA	NA	-

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 9/3/2015

Index	RMB/Ton	Change
CCIndex(328)	13475	-3
CCIndex(527)	12435	-2
CCIndex(229)	14195	-5

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

Cotlook Index: As on 6/3/2015

Cotlook Indices	Cents/Pound	Change
A-Index	69.85	-0.30

USDA Cotton Spot Rates: As on 6/3/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	63.22	66.47	957
North Delta	62.22	64.97	400
South Delta	62.22	64.97	NIL
East TX-OK	58.25	60.50	1895
West Texas	58.25	60.50	1684
Desert SW	60.72	67.22	NIL
SJ Valley	61.72	71.62	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 6/3/2015

Contract	Open	High	Low	Close	Change
Mar-15	62.50	62.95	62.11	62.95	0
May-15	63.12	63.29	62.50	62.97	-0.26
Jul-15	63.40	63.51	62.81	63.37	0
Oct-15	63.75	63.96	63.59	63.96	-0.21
Dec-15	64.56	64.70	64.02	64.57	-0.17
Mar-16	64.50	64.57	64.00	64.57	-0.25

Pakistan Cotton Spot rates: As on 7/3/2015 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5000	150	5150
Equivalent	40 Kgs	5358	160	5518

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