

Domestic Fundamentals:

Market Outlook: Cotton spot market noticed steady to weak tone on Monday.

In The News: According to Indian Cotton Federation (ICF), unsold stocks of cotton held by the ginners and traders are approximately 20 lakh bales. CCI has sold 6.68 lakh bales of cotton so far from the stocks it procured during the current season under MSP procurement operation. Cotton arrival on the daily basis has been diminished to 40000 bales per day.

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:

According to Informa Economics, all cotton acreage in USA would stand around 9.334 million acres, lower than the March estimates of USDA which was 9.549 million acres.

World cotton exports are likely to decline slightly in 2015-16 to 7.329 million tones from 7.362 million tones in 2014-15. Cotton exports from India 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% higher when compared to 849 million tones (49.9 lakh bales approx.) in the current season.

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.

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	6.5	941	950	939	944.5	969	428	2619	111
Spread	Apr-15								
Spot	20.5		--		--		--		

(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 18 May 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-15	-30	16560	16560	16440	16450	790	6545	829	6779
Jun-15	-30	16720	16770	16650	16670	470	3608	562	3537
Jul-15	-40	16860	16910	16800	16810	255	2445	208	2349
Oct-15	70	17590	17660	17590	17660	17	82	1	78
Nov-15	--	--	--	--	--	--	--	--	--
Spread	May-15	Jun-15	Jul-15	Oct-15	Nov-15	--			
Spot	--								
May-15		-220							
Jun-15			-140						
Jul-15				-850					
Oct-15					--				
Nov-15									

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

* Updated at 5:00 pm on 18 May 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		18-May-15	16-May-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	Closed	4750	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	4825	4850	-25
Patan	B.T. Cotton	NA	4900	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	4875	4855	20
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NA	4850	-
Adampur	B.T. Cotton	4750	4750	Unch
Fatehabad	B.T. Cotton	4750	4750	Unch
Dabwali	B.T. Cotton	NA	NA	-
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	Closed	4700	-
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
	Kapas			
Ahmedabad	Shankar-6	4800	4800	Unch
Gondal	Shankar-6	4775	4845	-70
	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	NA	4750	-
Guntur	Un-Ginned	4050	NA	-
Kurnool	Un-Ginned	3800	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	3950	4050	-100
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	3870	3870	Unch
Muktsar	J-34	3880	3880	Unch
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3870	3870	Unch
Sirsa	J-34	3750	3750	Unch
Sri-Ganganagar	J-34	3619	3596	23

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		18-May-15	16-May-15	
Amravati	Mech-1	NA	300	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	1020	980	40
Patan	B.T. Cotton	NA	1125	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	74	31	43
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	446	310	136
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	285	-
Guntur	Un-Ginned	1	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	Prices (Rs. Per Candy)		Change
				15-May-15	14-May-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	35100	35100	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	35600	35600	Unch
J-34(202)	26mm	3.5 - 4.9	23	35400	35300	100
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	34600	34600	Unch
Shankar-6(105)	29mm	3.5 – 4.9	28	35300	35300	Unch
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
		18-May-15	16-May-15	
Rajkot	Rs. /10 Kg.	620	620	Unch
New Delhi	Rs. /10 Kg.	645	640	5
Hyderabad	Rs. /10 Kg.	600	610	-10
Mumbai	Rs. /10 Kg.	615	615	Unch

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

Centre	Unit	Price		Change
		18-May-15	16-May-15	
Mahesana (Kadi)	Rs./Qtl	1910	Closed	-
Akola	Rs./Qtl	1831	Closed	-

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 18/5/2015		
Index	RMB/Ton	Change
CCIndex(328)	13359	3
CCIndex(527)	12291	1
CCIndex(229)	14069	Unch
RMB - Renminbi, 1RMB = 0.16 \$U.S.		

Cotlook Index: As on 15/5/2015

Cotlook Indices	Cents/Pound	Change
A-Index	74.00	0.65

USDA Cotton Spot Rates: As on 15/5/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	66.09	69.34	NIL
North Delta	65.34	68.09	NIL
South Delta	65.34	68.09	NIL
East TX-OK	63.00	65.25	415
West Texas	63.00	65.25	1503
Desert SW	64.59	71.09	NIL
SJ Valley	65.59	75.49	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 16/5/2015 (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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