

Domestic Fundamentals:

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

In The News: Pricing of cotton seed has settled a debate among the cotton growers and cotton seed producers in Andhra Pradesh and Telangana. The seed industry is demanding the hike in the prices whereas farmers are not supporting the same as this would increase the cost of production. The price announced by these two acts as the benchmark for the rest of the cotton growing states.

According to Indian Cotton Federation (ICF), unsold stocks of cotton held by the ginner 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.

International Fundamentals:

China imported around 160,800 tonnes of cotton in April, approximately 28.3% lower when compared to the volume imported during the same month last year, according to the official custom data. During the initial four month of the year, imports to China fell by around 38.2 percent year on year to 609,000 tonnes, said China Cotton Association (CCA) citing custom data.

Around 44% of cotton planting has been completed in USA as on May 17 this year, which was 26% last week and 35% last year on same date, according to USDA. The five year average sowing progress is 46% as on date, slightly higher than the current sowing pace.

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.

Outlook

We expect domestic prices to remain range bound in near term.

NCDEX Kapas Futures*: (Prices in Rs/20kg)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-16	-5	943.5	943.5	935.5	937.5	755	-214	2719	100
Spread	Apr-15								
Spot	23.5				--		--		

(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 19 May 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-15	-110	16340	16340	16200	16210	675	-115	6164	-381
Jun-15	-110	16540	16540	16410	16440	489	19	3761	153
Jul-15	-90	16710	16720	16580	16600	244	-11	2479	34
Oct-15	-200	17560	17570	17370	17440	19	2	87	5
Nov-15	--	--	--	--	--	--	--	--	--
Spread	May-15	Jun-15	Jul-15	Oct-15	Nov-15	--			
Spot	--								
May-15		-230							
Jun-15			-160						
Jul-15				-840					
Oct-15					--				
Nov-15									

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

* Updated at 5:00 pm on 19 May 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		19-May-15	18-May-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4700	Closed	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	4805	4825	-20
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	4830	4875	-45
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NA	NA	-
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	4700	Closed	-
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
	Kapas			
Ahmedabad	Shankar-6	4700	4800	-100
Gondal	Shankar-6	4790	4775	15
	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	NA	-
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	3800	3800	Unch
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	3950	-
	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	3865	3870	-5
Sirsa	J-34	3740	3750	-10
Sri-Ganganagar	J-34	3586	3619	-33

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		19-May-15	18-May-15	
Amravati	Mech-1	200	NA	-
Khandwa	Mech-1	NA	NA	-
Khargaone	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	980	1020	-40
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	31	74	-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	13600	17000	-3400
Gondal	Shankar-6	307	446	-139
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	NA	-
Guntur	Un-Ginned	1	1	Unch
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	51	85	-34
Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				18-May-15	15-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	35300	35400	-100
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	34400	34600	-200
Shankar-6(105)	29mm	3.5 – 4.9	28	35100	35300	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	36900	37000	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	37700	37800	-100
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
		19-May-15	18-May-15	
Rajkot	Rs. /10 Kg.	620	620	Unch
New Delhi	Rs. /10 Kg.	660	645	15
Hyderabad	Rs. /10 Kg.	600	600	Unch
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
		19-May-15	18-May-15	
Mahesana (Kadi)	Rs./Qtl	1917	1910	7
Akola	Rs./Qtl	1832	1831	1

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 19/5/2015		
Index	RMB/Ton	Change
CCIndex(328)	13359	Unch
CCIndex(527)	12281	-10
CCIndex(229)	14072	3
RMB - Renminbi, 1RMB = 0.16 \$U.S.		

Cotlook Index: As on 18/5/2015		
Cotlook Indices	Cents/Pound	Change
A-Index	74.25	0.25

USDA Cotton Spot Rates: As on 18/5/2015			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	67.42	64.17	NIL
North Delta	66.17	63.42	NIL
South Delta	66.17	63.42	NIL
East TX-OK	64.25	62.00	737
West Texas	64.25	62.00	279
Desert SW	69.17	62.67	NIL
SJ Valley	73.57	63.67	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 18/5/2015					
Contract	Open	High	Low	Close	Change
15-Jul	66.84	66.93	64.87	64.92	-1.92
15-Oct	66.68	67.24	66.28	66.78	-1.33
15-Dec	66.77	66.80	65.13	65.18	-1.64
16-Mar	66.07	66.08	65.21	65.22	-1.42
16-May	65.48	65.48	65.48	65.48	-1.24
16-Jul	65.79	65.79	65.79	65.79	-1.21

Pakistan Cotton Spot rates: As on 18/5/2015 (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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