

**Domestic Fundamentals:**

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

**In The News:** Maharashtra government has urged cotton seed companies to reduce the price of Bt cotton seeds by Rs 100 per bag from Rs 930 per bag of 450 gram seeds to Rs 830 to combat the rural distress caused by the drought and then unseasonal rains. The state government may convert the same into legal decision with the provision of punishment if the seed companies do not follow the rule. However the seed companies have informed the state government about their inability to reduce the price of seed following the increase in cost of production.

Cotton output in India would stand around 384.5 lakh bales (of 170 kg each) in the season 2014-15, around 5.6 per cent lower when compared to the production of previous season which was 407.25 lakh bales, said Cotton Association of India (CAI).

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 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.

**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 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.

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 in near term.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-16	-2	939	942	936.5	938	413	-193	2864	93
Spread									
		Apr-15							
Spot		13		--		--			

(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 21 May 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-15	-70	16200	16200	16070	16070	434	-358	5816	-189
Jun-15	-90	16330	16370	16280	16280	390	-173	3941	108
Jul-15	-70	16520	16520	16450	16460	231	21	2585	57
Oct-15	--	--	--	--	--	--	--	--	--
Nov-15	--	--	--	--	--	--	--	--	--
Spread									
May-15		Jun-15		Jul-15		Oct-15		Nov-15	
Spot		--							
May-15		-210							
Jun-15				-180					
Jul-15						--			
Oct-15								--	
Nov-15									

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

\* Updated at 5:00 pm on 21 May 2015

**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Market:**

Centre	Variety	Prices		Change
		21-May-15	20-May-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4700	4700	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	4755	4775	-20
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	4640	4630	10
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NA	NA	-
Adampur	B.T. Cotton	4700	NR	-
Fatehabad	B.T. Cotton	4700	4700	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	NR	-
Hubli	B.T. Cotton	NA	4649	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4700	4750	-50
Gondal	Shankar-6	4735	4765	-30
	<b>Kapas</b>			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4811	4750	61
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4000	4000	Unch
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
	<b>Lint</b>	<b>Rs./Maund (of 37.32kg each)</b>		
Abohar	J-34	3830	3850	-20
Muktsar	J-34	NA	3840	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3840	3840	Unch
Sirsa	J-34	3725	3725	Unch
Sri-Ganganagar	J-34	3525	3572	-47

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		21-May-15	20-May-15	
Amravati	Mech-1	150	150	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	900	1150	-250
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	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	62	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
Ahmedabad	Shankar-6	13600	13600	Unch
Gondal	Shankar-6	402	537	-135
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	592	465	127
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	50	51	-1
Sri-Ganganagar	J-34	NA	NA	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				20-May-15	19-May-15	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	35100	35100	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	35600	35600	Unch
J-34(202)	26mm	3.5 - 4.9	23	35200	35300	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	34100	34200	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	34900	35000	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	36800	36900	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	37600	37700	-100
DCH-32(107)	34mm	3.0 - 3.8	33	45500	45500	Unch

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

Centre	Unit	Price		Change
		21-May-15	20-May-15	
Rajkot	Rs. /10 Kg.	610	610	Unch
New Delhi	Rs. /10 Kg.	650	650	Unch
Hyderabad	Rs. /10 Kg.	590	600	-10
Mumbai	Rs. /10 Kg.	610	610	Unch

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

Centre	Unit	Price		Change
		21-May-15	20-May-15	
Mahesana (Kadi)	Rs./Qtl	1903	1908	-5
Akola	Rs./Qtl	1818	1821	-3

**INTERNATIONAL PRICES AND INDICES**

China Cotton Index: As on 21/5/2015		
Index	RMB/Ton	Change
CCIndex(328)	13366	5
CCIndex(527)	12273	-6
CCIndex(229)	14073	1
RMB - Renminbi, 1RMB = 0.16 \$U.S.		

**Cotlook Index: As on 20/5/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	72.45	<b>-0.40</b>

**USDA Cotton Spot Rates: As on 20/5/2015**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	63.40	66.65	NIL
North Delta	62.65	65.4	NIL
South Delta	62.65	65.4	NIL
East TX-OK	61.25	63.5	<b>277</b>
West Texas	61.25	63.5	<b>67</b>
Desert SW	61.90	68.4	NIL
SJ Valley	62.90	72.8	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 20/5/2015**

Contract	Open	High	Low	Close	Change
15-Jul	64.17	64.81	63.71	64.15	<b>-0.2</b>
15-Oct	65.47	65.96	65.47	65.96	<b>0.06</b>
15-Dec	64.84	65.00	65.00	64.97	<b>0.14</b>
16-Mar	65.06	65.24	65.00	65.1	<b>-0.03</b>
16-May	65.40	65.47	65.00	65.43	<b>-0.05</b>
16-Jul	65.86	65.93	65.53	65.87	<b>-0.06</b>

**Pakistan Cotton Spot rates: As on 20/5/2015 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5500	150	5650
Equivalent	40 Kgs	5894	160	6054

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