

Domestic Fundamentals:

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

In The News: Around 6.12 lakh hectares of cotton have been planted as on 22nd May throughout the country which was nil last year during the same period, said Press Information Bureau (PIB).

High court of Hyderabad has stayed the decision of Telangana Government to lower the royalty fee on Bt cotton from Rs. 186 to Rs 50. The court gave this interim orders after hearing a petition filed by the seed company, Mahyco Monsanto.

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 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.

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.

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	925	929.5	917	920	1038	625	3090	226
Spread	Apr-15								
Spot	25				--		--		

(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 22 May 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-15	-70	15950	16040	15870	15890	712	278	5491	-325
Jun-15	-60	16170	16260	16090	16120	492	102	3952	11
Jul-15	-40	16410	16420	16270	16300	220	-11	2596	11
Oct-15	-10	17150	17150	17150	17150	5	--	95	--
Nov-15	--	--	--	--	--	--	--	--	--
Spread	May-15	Jun-15	Jul-15	Oct-15	Nov-15	--			
Spot	--								
May-15		-230							
Jun-15			-180						
Jul-15				-850					
Oct-15					--				
Nov-15									

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

* Updated at 5:00 pm on 22 May 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		22-May-15	21-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	4725	4755	-30
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	4655	4640	15
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NA	NA	-
Adampur	B.T. Cotton	4700	4700	Unch
Fatehabad	B.T. Cotton	4650	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	4700	Unch
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
	Kapas			
Ahmedabad	Shankar-6	4700	4700	Unch
Gondal	Shankar-6	NA	4735	-
	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	4675	4811	-136
Guntur	Un-Ginned	3925	4050	-125
Kurnool	Un-Ginned	3750	4000	-250
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	3950	NA	-
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	3800	3830	-30
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3815	3840	-25
Sirsa	J-34	3670	3725	-55
Sri-Ganganagar	J-34	3525	3525	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		22-May-15	21-May-15	
Amravati	Mech-1	100	150	-50
Khandwa	Mech-1	NA	NA	-
Khargaone	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	925	900	25
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	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
Ahmedabad	Shankar-6	11900	13600	-1700
Gondal	Shankar-6	NA	402	-
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	660	592	68
Guntur	Un-Ginned	1	1	Unch
Kurnool	Un-Ginned	NA	1	-
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	50	35
Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				21-May-15	20-May-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	34600	35100	-500
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	35100	35600	-500
J-34(202)	26mm	3.5 - 4.9	23	35000	35200	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	34000	34100	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	34700	34900	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	36700	36800	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	37500	37600	-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
		22-May-15	21-May-15	
Rajkot	Rs. /10 Kg.	605	610	-5
New Delhi	Rs. /10 Kg.	660	650	10
Hyderabad	Rs. /10 Kg.	590	590	Unch
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
		22-May-15	21-May-15	
Mahesana (Kadi)	Rs./Qtl	1883	1903	-20
Akola	Rs./Qtl	1800	1818	-18

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 22/5/2015		
Index	RMB/Ton	Change
CCIndex(328)	13365	-1
CCIndex(527)	12272	-1
CCIndex(229)	14073	Unch
RMB - Renminbi, 1RMB = 0.16 \$U.S.		

Cotlook Index: As on 21/5/2015

Cotlook Indices	Cents/Pound	Change
A-Index	72.35	-0.10

USDA Cotton Spot Rates: As on 21/5/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.98	66.23	NIL
North Delta	62.23	64.98	NIL
South Delta	62.23	64.98	NIL
East TX-OK	60.75	63.00	NIL
West Texas	60.75	63.00	NIL
Desert SW	61.48	67.98	NIL
SJ Valley	62.48	72.38	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 21/5/2015

Contract	Open	High	Low	Close	Change
15-Jul	64.16	64.93	63.62	63.73	-0.42
15-Oct	65.68	66.43	65.65	65.72	-0.24
15-Dec	64.92	65.45	64.58	64.70	-0.27
16-Mar	65.05	65.40	64.70	64.73	-0.37
16-May	65.60	65.76	64.96	64.96	-0.47
16-Jul	66.03	66.24	65.26	65.28	-0.59

Pakistan Cotton Spot rates: As on 21/5/2015 (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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