

Domestic Fundamentals:

Market Outlook: Cotton spot market noticed mixed tone on Monday.

In The News: The southwest rains this season are predicted to be below normal for the second consecutive year, according to the IMD. According to the market participants, unlike the other crops, the deficit in rainfall would not impact cotton output and rather it could benefit cotton as it is the desert crop.

India exported 0.416 lakh bales of cotton last week (11-17 May 2015), which was 0.410 lakh bales previous to last week (04-10 May 2015), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.383 lakh bales last week, which was 0.091 lakh bales previous to last week.

The Bharatiya Janata Kisan Morcha, (BJKM) the farmers' wing of the BJP in Hyderabad demanded the state government to make the sufficient quality cotton seeds available to farmers before the first spell of monsoon. The BJKM also urged government to blacklist the fake seed companies and asked for the strict action against the companies who provide spurious seed.

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).

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.

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	-13.5	913	914	899	901.5	1588	550	3021	-69
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 25 May 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-15	-90	15710	15800	15610	15670	1835	1123	3928	-1563
Jun-15	-90	15950	16020	15840	15910	1936	1444	4638	686
Jul-15	-80	16120	16200	16010	16090	573	353	2543	-53
Oct-15	-160	16950	16990	16890	16990	17	12	101	6
Nov-15	-60	16750	16750	16710	16710	16	-	182	-
Spread	May-15	Jun-15	Jul-15	Oct-15	Nov-15	--			
Spot	--								
May-15		-240							
Jun-15			-180						
Jul-15				-900					
Oct-15					280				
Nov-15									

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

* Updated at 5:00 pm on 25 May 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		25-May-15	23-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	4625	4725	-100
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	NA	-
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	4600	4650	-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	4650	50
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
	Kapas			
Ahmedabad	Shankar-6	4650	4700	-50
Gondal	Shankar-6	4675	NA	-
	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	4600	-
Guntur	Un-Ginned	4050	3900	150
Kurnool	Un-Ginned	4000	3750	250
Krishna	Un-Ginned	3944	NA	-
East Godavari	Un-Ginned	4050	3950	100
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	3720	3780	-60
Muktsar	J-34	3700	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3750	3790	-40
Sirsa	J-34	3600	3650	-50
Sri-Ganganagar	J-34	3431	3478	-47

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		25-May-15	23-May-15	
Amravati	Mech-1	100	100	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	650	975	-325
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	11900	Unch
Gondal	Shankar-6	264	NA	-
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	652	-
Guntur	Un-Ginned	NA	1	-
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	43	85	-42
Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				23-May-15	22-May-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	34200	34400	-200
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	34700	34900	-200
J-34(202)	26mm	3.5 - 4.9	23	34500	34800	-300
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	33800	33800	Unch
Shankar-6(105)	29mm	3.5 – 4.9	28	34500	34500	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	36400	36500	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	37200	37300	-100
DCH-32(107)	34mm	3.0 - 3.8	33	45000	45000	Unch

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

Centre	Unit	Price		Change
		25-May-15	23-May-15	
Rajkot	Rs. /10 Kg.	605	607	-2
New Delhi	Rs. /10 Kg.	650	660	10
Hyderabad	Rs. /10 Kg.	590	590	Unch
Mumbai	Rs. /10 Kg.	600	600	Unch

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

Centre	Unit	Price		Change
		25-May-15	22-May-15	
Mahesana (Kadi)	Rs./Qtl	1886	1883	3
Akola	Rs./Qtl	1800	1800	Unch

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 25/5/2015		
Index	RMB/Ton	Change
CCIndex(328)	13356	-9
CCIndex(527)	12267	-5
CCIndex(229)	14065	-8
RMB - Renminbi, 1RMB = 0.16 \$U.S.		

Cotlook Index: As on 22/5/2015

Cotlook Indices	Cents/Pound	Change
A-Index	71.85	-0.50

USDA Cotton Spot Rates: As on 22/5/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.55	65.8	NIL
North Delta	61.8	64.55	NIL
South Delta	61.8	64.55	NIL
East TX-OK	60.25	62.5	NIL
West Texas	60.25	62.5	NIL
Desert SW	61.05	67.55	NIL
SJ Valley	62.05	71.95	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 22/5/2015

Contract	Open	High	Low	Close	Change
15-Jul	63.70	64.12	63.28	63.30	-0.43
15-Oct	65.60	65.60	65.22	65.22	-0.50
15-Dec	64.72	65.05	64.33	64.38	-0.32
16-Mar	64.93	65.07	64.52	64.63	-0.10
16-May	65.13	65.13	64.79	65.02	0.06
16-Jul	65.52	65.52	65.25	65.44	0.16

Pakistan Cotton Spot rates: As on 23/5/2015 (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

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2015 Indian Agribusiness Systems Pvt. Ltd.