

## Domestic Fundamentals:

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

**In The News:** Around eight textile industry association in Tamil Nadu urged the state minister (road transport, national highways and shipping) to relax Cabotage law in order to make transport of cotton from Gujarat to Tamil Nadu easier. Under the law the Indian vessel will be given the first preference for the transportation of good from one port to another and any foreign vessel could get chance only when Indian vessel is not available and the India's maritime regulator issues the license to foreign vessel.

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 22<sup>nd</sup> 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.

### 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	0.5	905	908	900	906	1189	-399	2812	-209
Spread	Apr-15								
Spot	16				--		--		

(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 26 May 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-15	70	16180	16180	15800	16020	2027	192	2449	-1479
Jun-15	30	16400	16400	15990	16180	3004	1068	5446	808
Jul-15	-10	16400	16470	16180	16340	497	-76	2506	-37
Oct-15	160	17330	17330	17120	17240	11	-6	108	7
Nov-15	--	--	--	--	--	--	--	--	--
Spread	May-15	Jun-15	Jul-15	Oct-15	Nov-15	--			
Spot	--								
May-15		-160							
Jun-15			-160						
Jul-15				-900					
Oct-15					--				
Nov-15									

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

\* Updated at 5:00 pm on 26 May 2015

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

Centre	Variety	Prices		Change
		26-May-15	25-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	4610	4625	-15
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	4575	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4650	4700	-50
Adampur	B.T. Cotton	4625	4700	-75
Fatehabad	B.T. Cotton	4600	4600	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	4700	Unch
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4600	4650	-50
Gondal	Shankar-6	4655	4675	-20
	<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	4611	4625	-14
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4000	4000	Unch
Krishna	Un-Ginned	NA	3944	-
East Godavari	Un-Ginned	4050	4050	Unch
	<b>Lint</b>	<b>Rs./Maund (of 37.32kg each)</b>		
Abohar	J-34	3700	3720	-20
Muktsar	J-34	3700	3700	Unch
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3730	3750	-20
Sirsa	J-34	3610	3600	10
Sri-Ganganagar	J-34	3408	3431	-23

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		26-May-15	25-May-15	
Amravati	Mech-1	90	100	-10
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	720	650	70
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	51	-
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	534	264	270
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	NA	NA	-
Kurnool	Un-Ginned	NA	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	51	43	8
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
				25-May-15	23-May-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	34200	34200	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	34700	34700	Unch
J-34(202)	26mm	3.5 - 4.9	23	34000	34500	-500
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	33500	33800	-300
Shankar-6(105)	29mm	3.5 – 4.9	28	34200	34500	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35900	36400	-500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36700	37200	-500
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
		26-May-15	25-May-15	
Rajkot	Rs. /10 Kg.	605	605	Unch
New Delhi	Rs. /10 Kg.	660	650	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
		26-May-15	25-May-15	
Mahesana (Kadi)	Rs./Qtl	1879	1886	-7
Akola	Rs./Qtl	1794	1800	-6

**INTERNATIONAL PRICES AND INDICES**

China Cotton Index: As on 26/5/2015		
Index	RMB/Ton	Change
CCIndex(328)	13325	-31
CCIndex(527)	12237	-30
CCIndex(229)	14043	-22
RMB - Renminbi, 1RMB = 0.16 \$U.S.		

**Cotlook Index: As on 22/5/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	71.85	<b>-0.50</b>

**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 25/5/2015**

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

**Pakistan Cotton Spot rates: As on 25/5/2015 (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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