

**Domestic Fundamentals:**

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

**In The News:** The loss of around Rs 2500 crore is likely to be incurred by government on cotton procurement scheme, which was aimed to save the farmers from the crashing cotton prices held in the current marketing year through September, said Textile minister Santosh Kumar Gangwar. The losses were earlier estimated to be around Rs 4000 crore, said Gangwar. The loss could still be lower than Rs 2500 crore if cotton price improves.

Around eight textile industry associations 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 goods from one port to another and any foreign vessel could get a chance only when an Indian vessel is not available and the India's maritime regulator issues the license to a 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 at 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 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 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.

### 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	909	914.5	907	911	412	-777	2599	-213
<b>Spread</b>		<b>Apr-15</b>							
<b>Spot</b>		11		--		--			

(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 27 May 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-15	40	15960	16060	15950	16030	528	-1499	1879	-570
Jun-15	20	16100	16190	16100	16160	678	-2326	6004	558
Jul-15	0	16280	16340	16270	16310	72	-425	2518	12
Oct-15	-50	17200	17200	17200	17200	1	-10	108	0
Nov-15	--	--	--	--	--	--	--	--	--
<b>Spread</b>		<b>May-15</b>	<b>Jun-15</b>	<b>Jul-15</b>	<b>Oct-15</b>	<b>Nov-15</b>	<b>--</b>		
<b>Spot</b>		--							
<b>May-15</b>		-130							
<b>Jun-15</b>				-150					
<b>Jul-15</b>						-890			
<b>Oct-15</b>								--	
<b>Nov-15</b>									

(NB: Spread Basis = Spot- Near Month Future)  
 \* Updated at 5:00 pm on 27 May 2015

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

Centre	Variety	Prices		Change
		27-May-15	26-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	4605	4610	-5
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	4550	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4650	4650	Unch
Adampur	B.T. Cotton	4670	4625	45
Fatehabad	B.T. Cotton	4650	4600	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	4650	4700	-50
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	4600	Unch
Gondal	Shankar-6	4605	4655	-50
	<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	4521	4611	-90
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4010	4000	10
Krishna	Un-Ginned	3944	NA	-
East Godavari	Un-Ginned	NA	4050	-
	<b>Lint</b>	<b>Rs./Maund (of 37.32kg each)</b>		
Abohar	J-34	3730	3700	30
Muktsar	J-34	3725	3700	25
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3740	3730	10
Sirsa	J-34	3620	3610	10
Sri-Ganganagar	J-34	NA	3408	-

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		27-May-15	26-May-15	
Amravati	Mech-1	100	90	10
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	960	720	240
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	479	534	-55
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	85	51	34
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
				26-May-15	25-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	34200	34000	200
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	33500	33500	Unch
Shankar-6(105)	29mm	3.5 – 4.9	28	34200	34200	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35900	35900	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36700	36700	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	45200	45000	200

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

Centre	Unit	Price		Change
		27-May-15	26-May-15	
Rajkot	Rs. /10 Kg.	615	605	10
New Delhi	Rs. /10 Kg.	660	660	Unch
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
		27-May-15	26-May-15	
Mahesana (Kadi)	Rs./Qtl	1886	1879	7
Akola	Rs./Qtl	1784	1794	-10

**INTERNATIONAL PRICES AND INDICES**

China Cotton Index: As on 27/5/2015		
Index	RMB/Ton	Change
CCIndex(328)	13323	-2
CCIndex(527)	12236	-1
CCIndex(229)	14027	-16

RMB - Renminbi, 1RMB = 0.16 \$U.S.

Cotlook Index: As on 26/5/2015		
Cotlook Indices	Cents/Pound	Change
A-Index	71.25	-0.60

USDA Cotton Spot Rates: As on 26/5/2015			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.56	65.81	NIL
North Delta	61.81	64.56	NIL
South Delta	61.81	64.56	NIL
East TX-OK	60.25	62.50	NIL
West Texas	60.25	62.50	NIL
Desert SW	61.06	67.56	NIL
SJ Valley	62.06	71.96	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 26/5/2015					
Contract	Open	High	Low	Close	Change
15-Jul	63.33	64.66	63.27	63.31	0.01
15-Oct	65.40	66.30	64.98	64.98	-0.24
15-Dec	64.69	65.22	64.05	64.08	-0.30
16-Mar	64.75	65.25	64.35	64.40	-0.23
16-May	64.91	65.65	64.78	64.78	-0.24
16-Jul	65.60	66.15	65.18	65.18	-0.26

Pakistan Cotton Spot rates: As on 26/5/2015 (in Pakistan Rupees)				
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5400	150	5550
Equivalent	40 Kgs	5787	160	5947

### Disclaimer

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