

Domestic Fundamentals:

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

In The News: India exported 0.622 lakh bales of cotton last week (18-24 May 2015), which was 0.416 lakh bales previous to last week (11-17 May 2015), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.128 lakh bales last week, which was 0.383 lakh bales previous to last week.

The loss of around Rs 2,500 crore is likely to incur 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 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.

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).

International Fundamentals:

Around 60% of cotton planting has been completed in USA as on May 24 this year, which was 35% last week and 47% last year on same date, according to USDA. The five year average sowing progress is 61% as on date, slightly higher than the current sowing pace.

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 to weak in near term.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-16	2.5	912	916.5	910	913	510	98	2582	-17
Spread	Apr-15								
Spot	9				--		--		

(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 28 May 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-15	-10	15960	16060	15950	15970	347	-181	1570	-309
Jun-15	10	16120	16180	16100	16130	373	-305	6174	170
Jul-15	0	16270	16330	16230	16290	121	49	2525	7
Oct-15	20	17190	17210	17190	17210	3	2	109	1
Nov-15	--	--	--	--	--	--	--	--	--
Spread	May-15	Jun-15	Jul-15	Oct-15	Nov-15	--			
Spot	--								
May-15		-160							
Jun-15			-160						
Jul-15				-920					
Oct-15					--				
Nov-15									

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

* Updated at 5:00 pm on 28 May 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		28-May-15	27-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	4635	4605	30
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	4550	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4650	4650	Unch
Adampur	B.T. Cotton	4780	4670	110
Fatehabad	B.T. Cotton	4650	4650	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	4750	4650	100
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
	Kapas			
Ahmedabad	Shankar-6	4625	4600	25
Gondal	Shankar-6	4595	4605	-10
	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	4521	-
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4250	4010	240
Krishna	Un-Ginned	4050	3944	106
East Godavari	Un-Ginned	NA	NA	-
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	3730	3730	Unch
Muktsar	J-34	3750	3725	25
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3780	3740	40
Sirsa	J-34	3660	3620	40
Sri-Ganganagar	J-34	3408	NA	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		28-May-15	27-May-15	
Amravati	Mech-1	NA	100	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	457	960	-503
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	457	479	-22
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	102	85	17
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
				27-May-15	26-May-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	34400	34200	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	34900	34700	200
J-34(202)	26mm	3.5 - 4.9	23	34500	34200	300
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	45200	Unch

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

Centre	Unit	Price		Change
		28-May-15	27-May-15	
Rajkot	Rs. /10 Kg.	610	615	-5
New Delhi	Rs. /10 Kg.	650	660	-10
Hyderabad	Rs. /10 Kg.	585	590	-5
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
		28-May-15	27-May-15	
Mahesana (Kadi)	Rs./Qtl	1883	1886	-3
Akola	Rs./Qtl	1794	1784	10

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 28/5/2015		
Index	RMB/Ton	Change
CCIndex(328)	13323	0
CCIndex(527)	12236	0
CCIndex(229)	14012	-15
RMB - Renminbi, 1RMB = 0.16 \$U.S.		

Cotlook Index: As on 27/5/2015

Cotlook Indices	Cents/Pound	Change
A-Index	71.25	Unch

USDA Cotton Spot Rates: As on 27/5/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.30	65.55	500
North Delta	61.55	64.30	Unch
South Delta	61.55	64.30	Unch
East TX-OK	60.00	62.25	1320
West Texas	60.00	62.25	267
Desert SW	60.80	67.30	Unch
SJ Valley	61.80	71.70	Unch

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 27/5/2015

Contract	Open	High	Low	Close	Change
15-Jul	63.32	63.89	63.03	63.05	-0.26
15-Oct	65.34	65.34	64.95	64.95	-0.03
15-Dec	64.21	64.60	63.95	64.03	-0.05
16-Mar	64.35	64.70	64.15	64.28	-0.12
16-May	64.82	65.10	64.58	64.68	-0.10
16-Jul	65.26	65.61	65.09	65.12	-0.06

Pakistan Cotton Spot rates: As on 27/5/2015 (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

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