

Domestic Fundamentals:

Market Outlook: Cotton spot market noticed mostly firm tone on Saturday.

In The News: Cottonseed sale could drop this Kharif season, as reported the industry. Around 4.40-4.50 crore packets (450 gm each) of cotton seed are likely to be sold in the country this season, lower when compared to the 4.75 crore packets sold last year. Currently the industry is holding the stock of 6.5 crore packets, out of which 1.5 crore packets are considered not-so-good quality seeds.

Around 8.82 lakh hectares of cotton have been planted as on 29th May throughout the country, approximately 14.25% higher when compared the sowing of cotton during the corresponding period last year which was 7.72 lakh hectares, said Press Information Bureau (PIB).

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.

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.

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	4	915	920	915	918	553	43	2571	-11
Spread	Apr-15								
Spot	22				--		--		

(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 29 May 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-15	60	16110	16110	15430	16060	677	330	1293	-277
Jun-15	100	16240	16350	16230	16290	1578	1205	6545	371
Jul-15	140	16440	16500	16400	16450	258	137	2598	73
Oct-15	--	--	--	--	--	--	--	--	--
Nov-15	--	--	--	--	--	--	--	--	--
Spread	May-15	Jun-15	Jul-15	Oct-15	Nov-15	--			
Spot	--								
May-15		-230							
Jun-15			-160						
Jul-15				--					
Oct-15					--				
Nov-15									

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

* Updated at 5:00 pm on 29 May 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		30-May-15	29-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	NA	NA	-
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	4700	4650	50
Adampur	B.T. Cotton	4825	4750	75
Fatehabad	B.T. Cotton	4800	4700	100
Dabwali	B.T. Cotton	NA	NA	-
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	4850	4780	70
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
	Kapas			
Ahmedabad	Shankar-6	4750	4625	125
Gondal	Shankar-6	4620	NA	-
	Kapas			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	A	A	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4600	NA	-
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4250	4250	Unch
Krishna	Un-Ginned	4050	NA	-
East Godavari	Un-Ginned	4050	NA	-
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	3840	3730	110
Muktsar	J-34	3790	3770	20
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3830	3795	35
Sirsa	J-34	3750	3690	60
Sri-Ganganagar	J-34	3478	3478	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		30-May-15	29-May-15	
Amravati	Mech-1	NA	25	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	NA	NA	-
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	10200	11900	-1700
Gondal	Shankar-6	195	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	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	43	NA	-
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
				29-May-15	28-May-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	34700	34700	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	35200	35200	Unch
J-34(202)	26mm	3.5 - 4.9	23	34900	34700	200
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	33600	33500	100
Shankar-6(105)	29mm	3.5 – 4.9	28	34300	34200	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	36000	35900	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36800	36700	100
DCH-32(107)	34mm	3.0 - 3.8	33	45000	45200	-200

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

Centre	Unit	Price		Change
		30-May-15	29-May-15	
Rajkot	Rs. /10 Kg.	620	605	15
New Delhi	Rs. /10 Kg.	650	640	10
Hyderabad	Rs. /10 Kg.	590	585	5
Mumbai	Rs. /10 Kg.	605	600	5

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

Centre	Unit	Price		Change
		30-May-15	29-May-15	
Mahesana (Kadi)	Rs./Qtl	Closed	1902	-
Akola	Rs./Qtl	Closed	1801	-

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 29/5/2015		
Index	RMB/Ton	Change
CCIndex(328)	13313	-10
CCIndex(527)	12231	-5
CCIndex(229)	14005	-7
RMB - Renminbi, 1RMB = 0.16 \$U.S.		

China Foreign Cotton (FC) Index : As on 29/5/2015

Index	Cents/lb	Change
FC Index (S)	78.96	0.89
FC Index (M)	73.08	0.90
FC Index (L)	70.95	1.15

Cotlook Index: As on 29/5/2015

Cotlook Indices	Cents/Pound	Change
A-Index	72.3	1.25

USDA Cotton Spot Rates: As on 29/5/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	63.6	66.85	795
North Delta	62.85	65.6	Unch
South Delta	62.85	65.6	Unch
East TX-OK	61.25	63.5	1104
West Texas	61.25	63.5	724
Desert SW	62.1	68.6	Unch
SJ Valley	63.1	73	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 29/5/2015

Contract	Open	High	Low	Close	Change
15-Jul	64.75	66.59	64.27	64.35	0.02
15-Oct	66.27	66.75	65.30	65.30	0.07
15-Dec	65.20	66.39	64.38	64.64	-0.42
16-Mar	65.23	66.20	64.40	64.64	-0.58
16-May	65.61	66.24	64.7	65.01	-0.63
16-Jul	66.03	67	65.49	65.49	-0.63

Pakistan Cotton Spot rates: As on 29/5/2015 (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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