

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed mixed tone on Friday.

In The News: Cotton production in India during the next season that is 2016-17, could reach around 370-380 lakh bales, said the Chairman, Cotton Corporation of India (CCI). He believes that if the weather condition remains normal, the cotton production in the next season would be higher even if the area remains same as current season. The cause of lower production in the country is crop loss due to the unfavorable weather conditions. According to Cotton Advisory Board (CAB), cotton output is likely to be around 352 lakh bales in the current season.

Pakistan Cotton Ginners Association has raised its concern over the cotton imports from India. PGCA has urged the government to suspend the cotton and cotton yarn imports from India. Due to the crop loss, Pakistan fulfilled its demand from India and emerged as the one of the major buyer of Indian cotton.

Department of Agriculture, Ministry of Agriculture (MoA) in its second advance estimates, has revised the cotton production estimates downwardly for the season 2015-16 at 306.92 lakh bales (of 170 kg each). For the season 2014-15, the estimate was 346.23 lakh bales according to the first advance estimates for the season.

India exported 1.794 lakh bales of cotton last week (08 Feb-14 Feb 2016), which was 2.29 lakh bales previous to last week (01 Feb-07 Feb 2016), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.129 lakh bales last week, which was 0.104 lakh bales previous to last week.

Major importer of Indian cotton during the week was Bangladesh. According to the data released by IBIS, Bangladesh imported 0.76 lakh bales of cotton from India in the past week (08 Feb-14 Feb 2016). Other major importers were Pakistan, Vietnam, Indonesia and China and their imported volumes were 0.50 lakh bales, 0.21 lakh bales, 0.17 lakh bales and 0.09 lakh bales respectively. India imported cotton from USA, Argentina, Australia followed by Mali and Egypt. The respective volumes these countries exported to India during the week are 0.045 lakh bales, 0.028 lakh bales, 0.024 lakh bales, 0.015 lakh bales, 0.014 Lakh Bales.

The Foreign Agriculture Services (FAS), division of USDA has lowered the production forecast for India in its latest report to 356 lakh bales. The reason for the downfall in the revision is lower yield expectation in Punjab and Haryana due to the attack of white fly and impact of pink bollworm in Gujarat.

Total cotton arrival till January 27 this season remained 144.07 lakh bales (of 170 Kg each), around 30% lower as compared to 206.76 lakh bales previous season during the same period, according to Cotton Corporation of India.

According to the industry sources, Cotton Corporation of India (CCI) has auctioned most of its stocks it procured under MSP operation in 2015-14 and currently it is holding 25000 bales (of 170 Kg each) of cotton.

India is likely to export 1.24 million tons (around 73 lakh bales of 170 kg each) of cotton in season 2015-16, around 9% higher than the estimates of previous month which was 1.26 million tons and around 36% higher as compared to 0.91 (around 53.76 lakh bales) million tons, the volume it exported in the previous season, according to USDA.

International Fundamentals:

Pakistan has lowered the cotton production target for the season 2016-17 to 141.01 lakh bales. The country has set the target of 154.9 lakh bales for the season 2015-16 a year earlier which has been revised thrice and now it expected to be around 96.87 lakh bales due to the severe crop loss of 34% due to pest attack. The lower production in the country may open channels for the more exports from India, as Pakistan would import to fulfill its domestic demands.

According to USDA latest report, USA cotton exports would stand around 2.07 million tons, around 5% lower compared to the estimates of previous month i.e. 2.18 million tons and around 15.5% lower than the exports of previous year i.e. 2.45 million tons. Following the lower exports expectation, the cotton prices in the region are moving weaker.

According to USDA latest report, World cotton production would be around 22.07 million tons in 2015-16, around 0.2% lower as compared to the estimates of previous month i.e. 22.11 million tons and around 15% lower than the production of previous year i.e. 25.94 million tons.

Outlook

We expect domestic prices to remain range bound to weak in the near -term.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-16	--	--	--	--	--	--	--	--	--
Apr-16	6.5	776	785	775.5	783.5	4176	-3829	17786	-190

Spread	Feb-16	Apr-16
Spot	--	166.5
Feb-16	--	--

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)

*Updated at 4:45 pm on 26 February 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-16	-30	15970	16000	15930	15940	1058	846	1323	1512
Mar-16	20	16200	16270	16180	16220	1848	8644	2493	8263
Apr-16	30	16320	16400	16320	16360	452	3473	687	3139
May-16	30	16520	16530	16480	16530	17	91	0	76

Spread	Feb-16	Mar-16	Apr-16	May-16	--	--
Spot	--					
Feb-16		-280				
Mar-16			-140			
Apr-16				-170		

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

* Updated at 4:45 pm on 26 February 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	26-Feb-16	25-Feb-16	
Gujarat	Ahmedabad	Shankar-6	4750	4700	50
	Gondal	Shankar-6	4705	4780	-75
	Rajkot	B.T. Cotton	4750	4770	-20
	Patan	B.T. Cotton	4850	4770	80
	Kadi	B.T. Cotton	4900	4875	25
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4720	4855	-135
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4900	4900	Unch
	Bhiwani	Desi	4350	4400	-50
	Adampur	B.T. Cotton	4710	4680	30
	Fatehabad	B.T. Cotton	4700	4650	50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	4760	NR	-
	Dabwali	B.T. Cotton	4550	4540	10
Rajasthan	Hanumangarh	B.T. Cotton	4750	4725	25
	Rawatsar	B.T. Cotton	4580	4580	Unch
Madhya Pradesh	Khandwa	Mech-1	NA	4664	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	4675	4650	25
	Jamner	Medium Staple	4500	4500	Unch
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4300	4280	20
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	4100	-
	East Godavari	Un-Ginned	4100	4100	Unch
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	3890	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	4636	4750	-114
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	26-Feb-16	25-Feb-16	
Punjab	Bhatinda	J-34	3540	3530	10
	Abohar	J-34	3540	3535	5

	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3510	3500	10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	26-Feb-16	25-Feb-16	
Gujarat	Ahmedabad	Shankar-6	59500	59500	Unch
	Gondal	Shankar-6	2510	2489	21
	Rajkot	B.T. Cotton	2200	2250	-50
	Patan	B.T. Cotton	1870	1960	-90
	Kadi	B.T. Cotton	15000	35000	-20000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	491	549	-58
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	2500	1300	1200
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	510	340	170
	Fatehabad	B.T. Cotton	400	300	100
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	187	NR	-
	Dabwali	B.T. Cotton	60	90	-30
Rajasthan	Hanumangarh	B.T. Cotton	800	1000	-200
	Rawatsar	B.T. Cotton	500	250	250
Madhya Pradesh	Khandwa	Mech-1	NA	2250	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	700	900	-200
	Jamner	Medium Staple	39	36	3
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	3415	3725	-310
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	30	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	1237	1102	135
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	26-Feb-16	25-Feb-16	
Punjab	Bhatinda	J-34	3060	3400	-340
	Abohar	J-34	680	850	-170
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	680	340	340
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength / GPT	Rs. Per Candy		Change
				25-Feb-16	24-Feb-16	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	30000	30000	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	30500	30500	Unch
J-34(202)	26mm	3.5 - 4.9	23	32300	32300	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32100	32100	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	33300	33300	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34300	34300	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36200	36200	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	49100	49100	Unch

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

Centre	Unit	Price		Change
		26-Feb-16	25-Feb-16	
Rajkot	Rs. /10 Kg.	590	585	5
New Delhi	Rs. /10 Kg.	540	540	Unch
Hyderabad	Rs. /10 Kg.	570	575	-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
		26-Feb-16	25-Feb-16	
Mahesana (Kadi)	Rs./Qtl	2170	2153	17
Akola	Rs./Qtl	2155	2133	22

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 26-Feb-2016

Index	RMB/Ton	Change
CCIndex(328)	12119	-71
CCIndex(527)	11363	-16
CCIndex(229)	12701	-80

China Foreign Cotton (FCE) Index : As on 26-Feb-2016

Index	Cents/lb	Change
FC Index (S)	69.10	0.05
FC Index (M)	65.92	0.05
FC Index (L)	62.89	0.12

Cotlook Index: As on 25-Feb-2016

Cotlook Indices	Cents/Pound	Change
A-Index	65.05	-0.45

USDA Cotton Spot Rates: As on 25-Feb-2016

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	58.76	62.01	Nil
North Delta	57.76	60.51	Nil
South Delta	57.76	60.51	Nil
East TX-OK	54.75	56.50	1132
West Texas	54.75	56.00	846
Desert SW	54.51	60.76	Nil
SJ Valley	55.76	65.66	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-Feb-2016

Contract	Open	High	Low	Close	Change
16-Mar	58.01	58.16	57.97	58.16	0.46
16-May	57.42	58.19	57.27	57.76	0.35
16-Jul	57.34	57.97	57.27	57.61	0.27
16-Oct	57.21	57.21	57.21	57.21	0.19
16-Dec	57.30	57.75	57.16	57.40	0.20
17-Mar	58.14	58.40	58.05	58.27	0.22

Pakistan Cotton Spot rates: As on 25-Feb-2016				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5250	135	5385
Equivalent	40 Kgs	5626	145	5771

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