

**Domestic Fundamentals:**

**Market Outlook:** Cotton spot prices noticed mostly firm tone on Monday.

**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	-7.5	803.5	808	792	792	8007	3831	17035	-751

  

Spread	Feb-16	Apr-16
Spot	--	158
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 29 February 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-16	-130	16110	16110	15860	15860	774	-284	316	-530
Mar-16	-70	16320	16340	16160	16180	1460	-388	8555	-89
Apr-16	-80	16430	16460	16300	16320	1030	578	4122	649
May-16	-90	16600	16600	16460	16480	35	18	115	24

  

Spread	Feb-16	Mar-16	Apr-16	May-16	--	--
Spot	--					
Feb-16		-320				
Mar-16			-140			
Apr-16				-160		

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

\* Updated at 4:45 pm on 29 February 2016

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

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	29-Feb-16	27-Feb-16	
Gujarat	Ahmedabad	Shankar-6	4800	4800	Unch
	Gondal	Shankar-6	4830	4750	80
	Rajkot	B.T. Cotton	4810	4765	45
	Patan	B.T. Cotton	4905	NR	-
	Kadi	B.T. Cotton	5000	4900	100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4905	4805	100
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4950	4925	25
	Bhiwani	Desi	4200	4375	-175
	Adampur	B.T. Cotton	4810	4760	50
	Fatehabad	B.T. Cotton	4750	4700	50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	4800	4815	-15
	Dabwali	B.T. Cotton	4650	4625	25
Rajasthan	Hanumangarh	B.T. Cotton	4700	4750	-50
	Rawatsar	B.T. Cotton	4650	4620	30
Madhya Pradesh	Khandwa	Mech-1	NA	4640	-
	Khargaon	Mech-1	NA	4665	-
Maharashtra	Amravati	Mech-1	4800	4725	75
	Jamner	Medium Staple	4485	4500	-15
Uttar Pradesh	Hathras	B.T. Cotton	NA	3810	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4320	4300	20
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	4100	4100	Unch
	East Godavari	Un-Ginned	4100	4100	Unch
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	4700	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	29-Feb-16	27-Feb-16	
Punjab	Bhatinda	J-34	3565	3555	10
	Abohar	J-34	3575	3550	25

	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
<b>Haryana</b>	Sirsa	J-34	3530	3520	<b>10</b>
<b>Rajasthan</b>	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	29-Feb-16	27-Feb-16	
<b>Gujarat</b>	Ahmedabad	Shankar-6	59500	59500	<b>Unch</b>
	Gondal	Shankar-6	2021	4141	<b>-2120</b>
	Rajkot	B.T. Cotton	2000	2500	<b>-500</b>
	Patan	B.T. Cotton	3432	NR	-
	Kadi	B.T. Cotton	35000	35000	<b>Unch</b>
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	557	497	<b>60</b>
<b>Punjab</b>	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
<b>Haryana</b>	Bhiwani	B.T. Cotton	1500	1800	<b>-300</b>
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1020	510	<b>510</b>
	Fatehabad	B.T. Cotton	300	350	<b>-50</b>
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	700	350	<b>350</b>
	Dabwali	B.T. Cotton	90	60	<b>30</b>
<b>Rajasthan</b>	Hanumangarh	B.T. Cotton	1000	1500	<b>-500</b>
	Rawatsar	B.T. Cotton	500	400	<b>100</b>
<b>Madhya Pradesh</b>	Khandwa	Mech-1	NA	1109	-
	Khargaon	Mech-1	NA	2250	-
<b>Maharashtra</b>	Amravati	Mech-1	600	1200	<b>-600</b>
	Jamner	Medium Staple	31	23	<b>8</b>
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	NA	50	-
	Hathras	Desi	NA	NA	-
<b>Telangana</b>	Adilabad	Un-Ginned	2249	2884	<b>-635</b>
<b>Andhra Pradesh</b>	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
<b>Karnataka</b>	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	NA	750	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	29-Feb-16	27-Feb-16	
Punjab	Bhatinda	J-34	2550	2550	Unch
	Abohar	J-34	850	850	Unch
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	680	680	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				27-Feb-16	26-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	32500	32400	100
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	34600	34600	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36500	36500	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	49300	49300	Unch

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

Centre	Unit	Price		Change
		29-Feb-16	27-Feb-16	
Rajkot	Rs. /10 Kg.	592	592	Unch
New Delhi	Rs. /10 Kg.	540	540	Unch
Hyderabad	Rs. /10 Kg.	580	580	Unch
Mumbai	Rs. /10 Kg.	603	600	3

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

Centre	Unit	Price		Change
		29-Feb-16	27-Feb-16	
Mahesana (Kadi)	Rs./Qtl	2241	2174	67
Akola	Rs./Qtl	2196	2158	38

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 29-Feb-2016**

Index	RMB/Ton	Change
CCIndex(328)	12090	<b>-29</b>
CCIndex(527)	11348	<b>-15</b>
CCIndex(229)	12641	<b>-60</b>

**China Foreign Cotton (FCE) Index : As on 29-Feb-2016**

Index	Cents/lb	Change
FC Index (S)	69.00	<b>-0.10</b>
FC Index (M)	65.68	<b>-0.24</b>
FC Index (L)	62.60	<b>-0.29</b>

**Cotlook Index: As on 26-Feb-2016**

Cotlook Indices	Cents/Pound	Change
A-Index	65.30	<b>0.25</b>

**USDA Cotton Spot Rates: As on 26-Feb-2016**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
<b>Southeast</b>	58.53	61.78	<b>Nil</b>
<b>North Delta</b>	57.53	60.28	<b>Nil</b>
<b>South Delta</b>	57.53	60.28	<b>Nil</b>
<b>East TX-OK</b>	54.75	56.50	<b>2263</b>
<b>West Texas</b>	54.75	56.00	<b>2314</b>
<b>Desert SW</b>	54.28	60.53	<b>Nil</b>
<b>SJ Valley</b>	55.53	65.43	<b>Nil</b>

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-Feb-2016**

Contract	Open	High	Low	Close	Change
<b>16-Mar</b>	58.06	58.31	57.92	57.92	<b>-0.24</b>
<b>16-May</b>	57.57	57.89	57.26	57.53	<b>-0.23</b>
<b>16-Jul</b>	57.61	57.77	57.18	57.33	<b>-0.28</b>
<b>16-Oct</b>	56.94	56.94	56.94	56.94	<b>-0.27</b>
<b>16-Dec</b>	57.30	57.57	56.97	57.09	<b>-0.31</b>
<b>17-Mar</b>	58.12	58.35	57.87	57.99	<b>-0.28</b>

Pakistan Cotton Spot rates: As on 27-Feb-2016				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5300	135	5435
Equivalent	40 Kgs	5680	145	5825

### Disclaimer

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