

## Domestic Fundamentals:

**Market Outlook:** Cotton spot prices noticed mostly weak tone on Thursday.

**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:

The Cotton Advisory Board has estimated 7% dip in cotton production this year and it may touch 35.2million bales (170kg per bale) this season ending Sept-2016.India had produced 38 million bales last year. Despite lower production estimate prices are ruling lower due to higher carryout stock. Global cotton market too has crashed to five year's lower level. There is a growing fear that China, a net importer may start selling cotton from its reserve soon. It would further distort global price.

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.

### 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
Con_1	-3	783	787	780.5	781.00	7065	2476	16050	-406
Con_2	0	0	0	0	0	0	0	0	0

Spread	Feb-16	Apr-16
Spot	--	159
Feb-16	--	--

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)  
 \*Updated at 537 pm on 03 March- 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-16	-130	15880	15910	15750	15760.00	888	-76	8090	-127
Apr-16	-110	16040	16060	15920	15930.00	318	-85	4500	58
May-16	-100	16200	16210	16100	16100	149	54	400	129

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

(NB: Spread Basis = Spot- Near Month Future)  
 \* Updated at 5.37 pm on 03 March 2016

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

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	3-Mar-16	2-Mar-16	
Gujarat	Ahmedabad	Shankar-6	4500	4700	-200
	Gondal	Shankar-6	4695	4705	-10
	Rajkot	B.T. Cotton	4700	4710	-10
	Patan	B.T. Cotton	4750	4785	-35
	Kadi	B.T. Cotton	4875	4900	-25
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4715	4800	-85
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4900	4950	-50
	Bhiwani	Desi	4200	4200	Unch
	Adampur	B.T. Cotton	4675	4710	-35
	Fatehabad	B.T. Cotton	4600	4700	-100
	Jind	B.T. Cotton	4770	4770	Unch
	Uchana	B.T. Cotton	4760	4800	-40
	Dabwali	B.T. Cotton	4585	4615	-30
Rajasthan	Hanumangarh	B.T. Cotton	4625	4700	-75
	Rawatsar	B.T. Cotton	4580	4580	Unch
Madhya Pradesh	Khandwa	Mech-1	NA	4621	-
	Khargaon	Mech-1	NA	4740	-
Maharashtra	Amravati	Mech-1	4600	4700	-100
	Jamner	Medium Staple	4450	4500	-50
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	NA	-
	East Godavari	Un-Ginned	4100	4100	Unch
Karnataka	Bijapur	Bunny	NA	4817	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	4750	4750	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	3-Mar-16	2-Mar-16	
Punjab	Bhatinda	J-34	3530	3545	-15

	Abohar	J-34	3530	3540	<b>-10</b>
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
<b>Haryana</b>	Sirsa	J-34	3485	3500	<b>-15</b>
<b>Rajasthan</b>	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	3-Mar-16	2-Mar-16	
<b>Gujarat</b>	Ahmedabad	Shankar-6	37400	51000	<b>-13600</b>
	Gondal	Shankar-6	2819	2263	<b>556</b>
	Rajkot	B.T. Cotton	2025	2400	<b>-375</b>
	Patan	B.T. Cotton	2873	3610	<b>-737</b>
	Kadi	B.T. Cotton	55000	45000	<b>10000</b>
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	530	619	<b>-89</b>
<b>Punjab</b>	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
<b>Haryana</b>	Bhiwani	B.T. Cotton	2000	1700	<b>300</b>
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	680	850	<b>-170</b>
	Fatehabad	B.T. Cotton	400	400	<b>Unch</b>
	Jind	B.T. Cotton	42.5	17	<b>25.5</b>
	Uchana	B.T. Cotton	385	550	<b>-165</b>
	Dabwali	B.T. Cotton	65	60	<b>5</b>
<b>Rajasthan</b>	Hanumangarh	B.T. Cotton	1000	1000	<b>Unch</b>
	Rawatsar	B.T. Cotton	250	300	<b>-50</b>
<b>Madhya Pradesh</b>	Khandwa	Mech-1	NA	3520	-
	Khargaon	Mech-1	NA	1130	-
<b>Maharashtra</b>	Amravati	Mech-1	400	500	<b>-100</b>
	Jamner	Medium Staple	55	50	<b>5</b>
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
<b>Telangana</b>	Adilabad	Un-Ginned	2186	1918	<b>268</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	570	-
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	840	772	68
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	3-Mar-16	2-Mar-16	
Punjab	Bhatinda	J-34	2550	2550	Unch
	Abohar	J-34	680	680	Unch
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	850	850	Unch
Rajasthan	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
				2-Mar-16	1-Mar-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	29600	29800	-200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	30100	30300	-200
J-34(202)	26mm	3.5 - 4.9	23	32300	32500	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31900	32000	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	33100	33200	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34400	34500	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36400	36500	-100
DCH-32(107)	34mm	3.0 - 3.8	33	48700	49000	-300

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

Centre	Unit	Price		Change
		3-Mar-16	2-Mar-16	
Rajkot	Rs. /10 Kg.	590	590	Unch
New Delhi	Rs. /10 Kg.	540	540	Unch
Hyderabad	Rs. /10 Kg.	575	575	Unch
Mumbai	Rs. /10 Kg.	600	602	-2

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

Centre	Unit	Price		Change
		3-Mar-16	2-Mar-16	
Mahesana (Kadi)	Rs./Qtl	2191	2180	11
Akola	Rs./Qtl	2165	2166	-1

### INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 03-March-2016		
Index	RMB/Ton	Change
CCIndex(328)	12068	-13
CCIndex(527)	11289	-39
CCIndex(229)	12603	-23

China Foreign Cotton (FCE) Index : As on 03-March-2016		
Index	Cents/lb	Change
FC Index (S)	67.81	-0.21
FC Index (M)	64.85	-0.06
FC Index (L)	61.73	-0.07

Cotlook Index: As on 02-March-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	64.10	-0.20

USDA Cotton Spot Rates: As on 02-March-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	56.93	60.18	411
North Delta	55.93	58.68	3434
South Delta	55.93	58.68	Nil
East TX-OK	53.25	55.00	2657
West Texas	53.25	54.50	6858
Desert SW	52.68	58.93	Nil
SJ Valley	53.93	63.83	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 02-March-2016					
Contract	Open	High	Low	Close	Change
16-Mar	58.84	59.32	58.04	58.04	-0.21
16-May	56.21	56.73	55.64	55.93	-0.18
16-Jul	56.31	56.50	55.68	55.77	-0.37
16-Oct	55.64	55.64	55.64	55.64	-0.40
16-Dec	56.02	56.30	55.56	55.65	-0.28
17-Mar	56.75	57.13	56.46	56.46	-0.31

Pakistan Cotton Spot rates: As on 02-March-2016				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5200	135	5335
Equivalent	40 Kgs	5573	145	5718

### Disclaimer

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