

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 is 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	+4.50	786	796	782	788.50	8385	1320	15826	-224
Con_2	0	0	0	0	0	0	0	0	0

Spread	Feb-16	Apr-16	
Spot	--	158.5	
Feb-16	--	--	

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

*Updated at 5.14 pm on 04 March- 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-16	+40.00	15840	15900	15780	15860.00	796	7928	7928	-162
Apr-16	+50.00	16000	16080	15950	16040.00	257	4601	4601	101
May-16	+30.00	16170	16230	16130	16200	120	470	470	70

Spread	Feb-16	Mar-16	Apr-16	May-16	--	--
Spot	--					
Feb-16		-180				
Mar-16			-160			
Apr-16				--		

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

* Updated at 5.14 pm on 04 March 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	4-Mar-16	3-Mar-16	
Gujarat	Ahmedabad	Shankar-6	4750	4500	250
	Gondal	Shankar-6	4660	4695	-35
	Rajkot	B.T. Cotton	4735	4700	35
	Patan	B.T. Cotton	4765	4750	15
	Kadi	B.T. Cotton	4800	4875	-75
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4765	4715	50
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4850	4900	-50
	Bhiwani	Desi	4200	4200	Unch
	Adampur	B.T. Cotton	4690	4675	15
	Fatehabad	B.T. Cotton	4680	4600	80
	Jind	B.T. Cotton	4750	4770	-20
	Uchana	B.T. Cotton	NR	4760	-
	Dabwali	B.T. Cotton	4600	4585	15
Rajasthan	Hanumangarh	B.T. Cotton	4650	4625	25
	Rawatsar	B.T. Cotton	NR	4580	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	4714	-
Maharashtra	Amravati	Mech-1	4625	4600	25
	Jamner	Medium Staple	4449	4450	-1
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4300	4300	Unch
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	4759	-
	Hubli	D.C.H.	4425	NA	-
	Hubli	B.T. Cotton	NA	4210	-
	Raichur	H-44 Cotton	4770	4750	20
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	4-Mar-16	3-Mar-16	
Punjab	Bhatinda	J-34	3530	3530	Unch

	Abohar	J-34	3530	3530	Unch
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3475	3485	-10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	4-Mar-16	3-Mar-16	
Gujarat	Ahmedabad	Shankar-6	39100	37400	1700
	Gondal	Shankar-6	1768	2819	-1051
	Rajkot	B.T. Cotton	2000	2025	-25
	Patan	B.T. Cotton	2810	2873	-63
	Kadi	B.T. Cotton	35000	55000	-20000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	436	530	-94
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1500	2000	-500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1020	680	340
	Fatehabad	B.T. Cotton	400	400	Unch
	Jind	B.T. Cotton	85	42.5	42.5
	Uchana	B.T. Cotton	NR	385	-
	Dabwali	B.T. Cotton	70	65	5
Rajasthan	Hanumangarh	B.T. Cotton	1000	1000	Unch
	Rawatsar	B.T. Cotton	NR	250	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	890	-
Maharashtra	Amravati	Mech-1	300	400	-100
	Jamner	Medium Staple	51	55	-4
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	1963	2186	-223
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	640	-
	Hubli	D.C.H.	22	NA	-

	Hubli	B.T. Cotton	NA	20	-
	Raichur	H-44 Cotton	1027	840	187
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	4-Mar-16	3-Mar-16	
Punjab	Bhatinda	J-34	2550	2550	Unch
	Abohar	J-34	510	680	-170
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	1020	850	170
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
				3-Mar-16	2-Mar-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	29500	29600	-100
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	30000	30100	-100
J-34(202)	26mm	3.5 - 4.9	23	32200	32300	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31800	31900	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	33000	33100	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34300	34400	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36200	36400	-200
DCH-32(107)	34mm	3.0 - 3.8	33	48500	48700	-200

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

Centre	Unit	Price		Change
		4-Mar-16	3-Mar-16	
Rajkot	Rs. /10 Kg.	585	590	-5
New Delhi	Rs. /10 Kg.	540	540	Unch
Hyderabad	Rs. /10 Kg.	575	575	Unch
Mumbai	Rs. /10 Kg.	602	600	2

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

Centre	Unit	Price		Change
		4-Mar-16	3-Mar-16	
Mahesana (Kadi)	Rs./Qtl	2181	2191	-10
Akola	Rs./Qtl	2153	2165	-12

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 04-March-2016			
Index		RMB/Ton	Change
CCIndex(328)		12063	-5
CCIndex(527)		11281	-8
CCIndex(229)		12598	-5

China Foreign Cotton (FCE) Index : As on 04-March-2016			
Index		Cents/lb	Change
FC Index (S)		68.06	0.25
FC Index (M)		65.32	0.46
FC Index (L)		62.27	0.54

Cotlook Index: As on 03-March-2016			
Cotlook Indices		Cents/Pound	Change
A-Index		64.05	-0.05

USDA Cotton Spot Rates: As on 03-March-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	57.41	60.66	NIL
North Delta	56.41	59.16	NIL
South Delta	56.41	59.16	NIL
East TX-OK	53.75	55.50	2777
West Texas	53.75	55.00	1346
Desert SW	53.16	59.41	NIL
SJ Valley	54.41	64.31	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 03-March-2016

Contract	Open	High	Low	Close	Change
16-Mar	58.66	58.75	58.42	58.42	0.38
16-May	55.86	56.64	55.81	56.41	0.48
16-Jul	55.90	56.33	55.58	56.16	0.39
16-Oct	56.06	56.06	56.06	56.06	0.42
16-Dec	55.75	56.14	55.50	56.00	0.35
17-Mar	56.84	56.90	56.43	56.86	0.40

Pakistan Cotton Spot rates: As on 03-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

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