

## Domestic Fundamentals:

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

**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.

Prices of branded garments are set to go up by 2 to 5 per cent with the Union government levying excise duty on ready-made products of Rs 1,000 or more in the Budget 2016-17. The garment industry in India is largest in Punjab and the increase in cost is likely to be felt in the coming months.

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, the fourth largest producer of cotton in the world is likely to perform poorly in cotton trade. The consumption of cotton is expected to decline by 12 per cent this year. According to a recent update by International Cotton Advisory Committee, Pakistan would be exporting around \$13 billion of cotton products whereas with the same quantity of combined cotton production Bangladesh and Vietnam would be exporting cotton worth \$54 billion.

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	797	797.5	792	793.50	4710	-3675	15826	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	Feb-16	Apr-16
Spot	161.5	
Feb-16		793.5

(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	189	391861	383933
Apr-16	+50.00	16000	16080	15950	16040.00	257	214	189539	184938
May-16	+30.00	16170	16230	16130	16200	120	72	59717	59247

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)

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

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	8-Mar-16	7-Mar-16	
Gujarat	Ahmedabad	Shankar-6	4800	Closed	-
	Gondal	Shankar-6	4740	Closed	-
	Rajkot	B.T. Cotton	4775	Closed	-
	Patan	B.T. Cotton	NR	Closed	-
	Kadi	B.T. Cotton	4900	Closed	-
	Deesa	B.T. Cotton	NA	Closed	-
	Dhrol	B.T. Cotton	4800	Closed	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4930	4950	-20
	Bhiwani	Desi	4400	4400	Unch
	Adampur	B.T. Cotton	4725	4715	10
	Fatehabad	B.T. Cotton	4690	4700	-10
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	4774	4750	24
	Dabwali	B.T. Cotton	4510	4515	-5
Rajasthan	Hanumangarh	B.T. Cotton	4700	4750	-50
	Rawatsar	B.T. Cotton	4550	4550	Unch
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	4650	Closed	-
	Jamner	Medium Staple	4490	Closed	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	4406	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	4100	4100	Unch
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	8-Mar-16	7-Mar-16	
Punjab	Bhatinda	J-34	3550	3540	10
	Abohar	J-34	3540	3540	Unch

	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
<b>Haryana</b>	Sirsa	J-34	3500	3490	<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	8-Mar-16	7-Mar-16	
<b>Gujarat</b>	Ahmedabad	Shankar-6	42500	Closed	-
	Gondal	Shankar-6	2056	Closed	-
	Rajkot	B.T. Cotton	2250	Closed	-
	Patan	B.T. Cotton	NR	Closed	-
	Kadi	B.T. Cotton	35000	Closed	-
	Deesa	B.T. Cotton	NA	Closed	-
	Dhrol	B.T. Cotton	567	Closed	-
<b>Punjab</b>	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
<b>Haryana</b>	Bhiwani	B.T. Cotton	2000	1500	<b>500</b>
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1020	850	<b>170</b>
	Fatehabad	B.T. Cotton	400	300	<b>100</b>
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	150	200	<b>-50</b>
	Dabwali	B.T. Cotton	30	200	<b>-170</b>
<b>Rajasthan</b>	Hanumangarh	B.T. Cotton	800	800	<b>Unch</b>
	Rawatsar	B.T. Cotton	250	200	<b>50</b>
<b>Madhya Pradesh</b>	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
<b>Maharashtra</b>	Amravati	Mech-1	250	Closed	-
	Jamner	Medium Staple	32	Closed	-
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
<b>Telangana</b>	Adilabad	Un-Ginned	NA	NA	-
<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	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	8-Mar-16	7-Mar-16	
Punjab	Bhatinda	J-34	2550	2550	Unch
	Abohar	J-34	510	510	Unch
	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	Rs. Per Candy	Change
				5-Mar-16	4-Mar-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	29400	29400	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	29900	29900	Unch
J-34(202)	26mm	3.5 - 4.9	23	32100	32100	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31700	31700	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	32900	32900	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34200	34200	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36100	36100	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	48400	48400	Unch

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

Centre	Unit	Price		Change
		8-Mar-16	6-Mar-16	
Rajkot	Rs. /10 Kg.	585	Closed	-
New Delhi	Rs. /10 Kg.	540	Closed	-
Hyderabad	Rs. /10 Kg.	575	Closed	-
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
		8-Mar-16	6-Mar-16	
Mahesana (Kadi)	Rs./Qtl	2234	Closed	-
Akola	Rs./Qtl	2165	Closed	-

**INTERNATIONAL PRICES AND INDICES**
**China Foreign Cotton (FCE) Index : As on 08-March-2016**

Index	Cents/lb	Change
FC Index (S)	69.14	0.62
FC Index (M)	66.19	0.42
FC Index (L)	63.81	0.90

**Cotlook Index: As on 07-March-2016**

Cotlook Indices	Cents/Pound	Change
A-Index	65.30	0.75

**USDA Cotton Spot Rates: As on 07-March-2016**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	53.38	61.63	NIL
North Delta	57.38	60.13	NIL
South Delta	57.38	60.13	NIL
East TX-OK	54.25	56.00	2743
West Texas	54.50	55.75	3859
Desert SW	54.13	60.38	NIL
SJ Valley	55.38	65.28	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 07-March-2016**

Contract	Open	High	Low	Close	Change
16-Mar	59.27	60.38	58.92	58.92	-0.01
16-May	57.19	57.90	57.10	57.38	0.27
16-Jul	56.75	57.58	56.75	57.35	0.64

<b>16-Oct</b>	57.26	57.26	57.26	57.26	<b>0.65</b>
<b>16-Dec</b>	56.6	57.38	56.58	57.26	<b>0.81</b>
<b>17-Mar</b>	57.57	58.20	57.57	58.13	<b>0.79</b>

Pakistan Cotton Spot rates: As on 07-March-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

### Disclaimer

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