

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed range –bound to weak tone on Wednesday.

In The News: The government has decided to fix Bt cotton seed price at Rs.800 for 450 grams which also includes trait fees and service tax of Rs.49 in order to bring uniformity across states. The current market rate varies from Rs.830 to Rs.1000. Implementation of the notification is subject to the Delhi High Court Order. All the states are likely to implement the same on or before March 31, 2016.

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.

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	791.5	792.5	792	783	783.5	-3926.5	15826	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	Feb-16	Apr-16
Spot	171	
Feb-16		783

(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	-460	189853	-202008
Apr-16	+50.00	16000	16080	15950	16040.00	257	-179	100188	-89351
May-16	+30.00	16170	16230	16130	16200	120	-131	21031	-38686

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	9-Mar-16	8-Mar-16	
Gujarat	Ahmedabad	Shankar-6	4750	4800	-50
	Gondal	Shankar-6	4705	4740	-35
	Rajkot	B.T. Cotton	4770	4775	-5
	Patan	B.T. Cotton	4800	4835	-35
	Kadi	B.T. Cotton	4875	4900	-25
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4820	4800	20
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4950	4930	20
	Bhiwani	Desi	4400	4400	Unch
	Adampur	B.T. Cotton	4725	4725	Unch
	Fatehabad	B.T. Cotton	4690	4690	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	4815	4774	41
	Dabwali	B.T. Cotton	4450	4510	-60
Rajasthan	Hanumangarh	B.T. Cotton	4700	4700	Unch
	Rawatsar	B.T. Cotton	Closed	4550	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	4700	4650	50
	Jamner	Medium Staple	4482	4490	-8
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4320	NA	-
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	4700	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	9-Mar-16	8-Mar-16	
Punjab	Bhatinda	J-34	3555	3550	5

	Abohar	J-34	3540	3540	Unch
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3500	3500	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	9-Mar-16	8-Mar-16	
Gujarat	Ahmedabad	Shankar-6	42500	42500	Unch
	Gondal	Shankar-6	2394	2056	338
	Rajkot	B.T. Cotton	2300	2250	50
	Patan	B.T. Cotton	3830	4158	-328
	Kadi	B.T. Cotton	25000	35000	-10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	539	567	-28
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	2500	2000	500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1020	1020	Unch
	Fatehabad	B.T. Cotton	300	400	-100
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	645	150	495
	Dabwali	B.T. Cotton	100	30	70
Rajasthan	Hanumangarh	B.T. Cotton	500	800	-300
	Rawatsar	B.T. Cotton	Closed	250	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	175	250	-75
	Jamner	Medium Staple	35	32	3
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	2470	NA	-
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	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	825	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	9-Mar-16	8-Mar-16	
Punjab	Bhatinda	J-34	2040	2550	-510
	Abohar	J-34	680	510	170
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	850	680	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
				8-Mar-16	5-Mar-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	28900	29400	-500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	29400	29900	-500
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	33000	32900	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34400	34200	200
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
		9-Mar-16	8-Mar-16	
Rajkot	Rs. /10 Kg.	585	585	Unch
New Delhi	Rs. /10 Kg.	540	540	Unch
Hyderabad	Rs. /10 Kg.	580	575	5
Mumbai	Rs. /10 Kg.	605	605	Unch

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

Centre	Unit	Price		Change
		9-Mar-16	8-Mar-16	
Mahesana (Kadi)	Rs./Qtl	2235	2234	1

Akola	Rs./Qtl	2179	2165	14
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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 8-March-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	65.45	0.15

USDA Cotton Spot Rates: As on 08-March-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	57.86	61.11	344
North Delta	56.86	59.61	NIL
South Delta	56.86	59.61	NIL
East TX-OK	53.75	56	2079
West Texas	54.00	55.25	5072
Desert SW	53.61	59.86	NIL
SJ Valley	54.86	64.76	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 08-March-2016					
Contract	Open	High	Low	Close	Change
16-Mar	58.21	58.21	58.21	58.21	-0.71
16-May	57.29	57.30	56.53	56.86	-0.52
16-Jul	57.22	57.22	56.52	56.81	-0.54
16-Oct	56.72	56.72	56.72	56.72	-0.54
16-Dec	57.23	57.23	56.45	56.78	-0.48
17-Mar	58.01	58.01	57.35	57.67	-0.46

Pakistan Cotton Spot rates: As on 08-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

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