

Domestic Fundamentals:

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

In The News: The government has notified maximum sale price of Bt cotton seed in order to bring uniformity across states. The maximum sale price of Bt Cotton seed BG-I version has been fixed at Rs.635 while for the BG-II version it is Rs.800. The seed packets would be of 450 grams, including 120 grams refugia. The price is valid for the financial year 2016-17.

The Indian government has reduced the royalty fees for genetically modified cotton by about 70%. India's Ministry of Agriculture and Farmers Welfare regulates cotton price and will also oversee the fees that biotech crop developers charge seed companies to license genes that allow plants to resist destructive pests.

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.

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.

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. There is a growing fear that China, a net importer may start selling cotton from its reserve soon. It would further distort global price.

According to the latest data from Bangladesh Textile Mills Association (BTMA), Bangladesh imports 49% cotton from India to meet its demand. Last year, it imported 6.10 million bale cotton, of which 2.99 million bales, around 49%, came from India.

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 USDA latest report, global 2015/16 cotton ending stocks are revised down this month. Production is estimated lower in India and Pakistan, based on arrivals at gins, but higher in Australia. The 1.0-million-bale reduction in India's crop reflects an early withdrawal of monsoon rainfall combined with pest damage in the northern states. World ending stocks are now projected at 103.3 million bales.

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	780.5	782.5	769	773.50	6599	522	15826	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	Feb-16	Apr-16	
Spot	174.5		
Feb-16		773.5	

(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	-116	264499	-46183
Apr-16	+50.00	16000	16080	15950	16040.00	257	-178	219007	-60048
May-16	+30.00	16170	16230	16130	16200	120	52	61824	40415

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	11-Mar-16	10-Mar-16	
Gujarat	Ahmedabad	Shankar-6	4750	4750	Unch
	Gondal	Shankar-6	4695	4695	Unch
	Rajkot	B.T. Cotton	4740	4740	Unch
	Patan	B.T. Cotton	4780	4800	-20
	Kadi	B.T. Cotton	4900	4900	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4765	4625	140
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	4685	-
Haryana	Bhiwani	B.T. Cotton	4900	4950	-50
	Bhiwani	Desi	4400	4400	Unch
	Adampur	B.T. Cotton	4700	4740	-40
	Fatehabad	B.T. Cotton	4670	4680	-10
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	4775	4750	25
	Dabwali	B.T. Cotton	4540	4575	-35
Rajasthan	Hanumangarh	B.T. Cotton	4800	4700	100
	Rawatsar	B.T. Cotton	4570	4600	-30
Madhya Pradesh	Khandwa	Mech-1	NA	4695	-
	Khargaon	Mech-1	NA	4740	-
Maharashtra	Amravati	Mech-1	4700	4700	Unch
	Jamner	Medium Staple	NA	4490	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4350	4350	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	4821	-
	Hubli	D.C.H.	4010	3950	60
	Hubli	B.T. Cotton	NA	3950	-
	Raichur	H-44 Cotton	4800	4821	-21
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	11-Mar-16	10-Mar-16	
Punjab	Bhatinda	J-34	3545	3545	Unch
	Abohar	J-34	3560	3535	25

	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3485	3490	-5
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	11-Mar-16	10-Mar-16	
Gujarat	Ahmedabad	Shankar-6	42500	34000	8500
	Gondal	Shankar-6	1551	2109	-558
	Rajkot	B.T. Cotton	1900	2000	-100
	Patan	B.T. Cotton	3810	3753	57
	Kadi	B.T. Cotton	25000	35000	-10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	631	537	94
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	6	-
Haryana	Bhiwani	B.T. Cotton	2000	1500	500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1020	1020	Unch
	Fatehabad	B.T. Cotton	400	400	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	230	200	30
	Dabwali	B.T. Cotton	80	200	-120
Rajasthan	Hanumangarh	B.T. Cotton	500	600	-100
	Rawatsar	B.T. Cotton	200	200	Unch
Madhya Pradesh	Khandwa	Mech-1	NA	14	-
	Khargaon	Mech-1	NA	3230	-
Maharashtra	Amravati	Mech-1	150	200	-50
	Jamner	Medium Staple	NA	45	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	2895	1689	1206
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	1120	-
	Hubli	D.C.H.	8	30	-22
	Hubli	B.T. Cotton	NA	28	-

	Raichur	H-44 Cotton	1417	1140	277
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	11-Mar-16	10-Mar-16	
Punjab	Bhatinda	J-34	2040	2550	-510
	Abohar	J-34	510	680	-170
	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
				10-Mar-16	9-Mar-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	29300	28900	400
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	29800	29400	400
J-34(202)	26mm	3.5 - 4.9	23	32200	32100	100
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	34400	34400	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
		11-Mar-16	10-Mar-16	
Rajkot	Rs. /10 Kg.	595	590	5
New Delhi	Rs. /10 Kg.	540	540	Unch
Hyderabad	Rs. /10 Kg.	580	580	Unch
Mumbai	Rs. /10 Kg.	610	605	5

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

Centre	Unit	Price		Change
		11-Mar-16	10-Mar-16	
Mahesana (Kadi)	Rs./Qtl	2248	2246	2
Akola	Rs./Qtl	2184	2189	-5

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 11-March-2016		
Index	RMB/Ton	Change
CCIndex(328)	12005	-2
CCIndex(527)	11116	-53
CCIndex(229)	12505	-5
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 11-March-2016		
Index	Cents/lb	Change
FC Index (S)	68.06	-0.17
FC Index (M)	65.86	0.32
FC Index (L)	62.74	0.29

Cotlook Index: As on 10-March-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	64.80	-0.20

USDA Cotton Spot Rates: As on 10-March-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	57.83	61.08	Nil
North Delta	56.83	59.58	Nil
South Delta	56.83	59.58	Nil
East TX-OK	53.75	55.50	1751
West Texas	54.00	55.25	1891
Desert SW	53.58	59.83	Nil
SJ Valley	54.83	64.73	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 10-March-2016					
Contract	Open	High	Low	Close	Change
16-May	56.63	56.99	55.66	56.83	0.24
16-Jul	56.58	56.90	55.46	56.77	0.19
16-Oct	56.66	56.66	56.66	56.66	0.17
16-Dec	56.55	56.84	55.47	56.70	0.11
17-Mar	57.37	57.60	56.41	57.60	0.08
17-May	58.15	58.33	57.20	58.33	0.05

Pakistan Cotton Spot rates: As on 10-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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