

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed mixed tone on Monday.

In The News: The Union Textiles Ministry through bilateral agreements with Australia, the Commonwealth of Independent States and Africa is trying to double textile exports in the next 10 years. Textile exports are not likely to meet 2015 -16 target of \$47.5 billion as exports were \$32 billion till December. The ministry is also working on a new textiles policy to promote value addition as free trade agreements (FTAs) with the European Union and the US are delayed.

The recent reduction in price of Bt Cottonseed and royalty fees by the government will reduce the cost of production for cotton growers. This will benefit the farmers of drought hit state of Maharashtra, which has the highest area under cotton.

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.

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.

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	773.5	773.5	760	763	7259	660	15826	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	Feb-16	Apr-16	
Spot	197		-
Feb-16		763	-

(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	130	316241	51742
Apr-16	+50.00	16000	16080	15950	16040.00	257	120	267382	48375
May-16	+30.00	16170	16230	16130	16200	120	28	64340	2516

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	14-Mar-16	12-Mar-16	
Gujarat	Ahmedabad	Shankar-6	4650	4700	-50
	Gondal	Shankar-6	4675	4670	5
	Rajkot	B.T. Cotton	4800	4770	30
	Patan	B.T. Cotton	4755	4855	-100
	Kadi	B.T. Cotton	4850	4900	-50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	4780	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	4900	4900	Unch
	Bhiwani	Desi	4150	4400	-250
	Adampur	B.T. Cotton	4690	4715	-25
	Fatehabad	B.T. Cotton	4700	4670	30
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	4750	4760	-10
	Dabwali	B.T. Cotton	4450	4525	-75
Rajasthan	Hanumangarh	B.T. Cotton	4680	4700	-20
	Rawatsar	B.T. Cotton	4570	4570	Unch
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	4720	-
Maharashtra	Amravati	Mech-1	4700	4700	Unch
	Jamner	Medium Staple	4495	4480	15
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	4350	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	4100	NA	-
	East Godavari	Un-Ginned	4100	4100	Unch
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	3910	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	4850	4850	Unch
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	14-Mar-16	12-Mar-16	

Punjab	Bhatinda	J-34	3520	3525	-5
	Abohar	J-34	3525	3525	Unch
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3470	3485	-15
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	14-Mar-16	12-Mar-16	
Gujarat	Ahmedabad	Shankar-6	45900	42500	3400
	Gondal	Shankar-6	1896	2560	-664
	Rajkot	B.T. Cotton	2100	2000	100
	Patan	B.T. Cotton	4430	3540	890
	Kadi	B.T. Cotton	25000	35000	-10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	821	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	1000	1500	-500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	680	85	595
	Fatehabad	B.T. Cotton	200	100	100
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	250	309	-59
	Dabwali	B.T. Cotton	15	30	-15
Rajasthan	Hanumangarh	B.T. Cotton	1000	500	500
	Rawatsar	B.T. Cotton	200	200	Unch
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	2870	-
Maharashtra	Amravati	Mech-1	200	175	25
	Jamner	Medium Staple	50	44	6
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	4730	-
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	10	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	1710	1387	323
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	14-Mar-16	12-Mar-16	
Punjab	Bhatinda	J-34	1700	850	850
	Abohar	J-34	340	85	255
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	510	170	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
				12-Mar-16	11-Mar-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	29300	29300	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	29800	29800	Unch
J-34(202)	26mm	3.5 - 4.9	23	32100	32100	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31500	31500	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
		14-Mar-16	12-Mar-16	
Rajkot	Rs. /10 Kg.	600	595	5
New Delhi	Rs. /10 Kg.	545	540	5
Hyderabad	Rs. /10 Kg.	590	590	Unch
Mumbai	Rs. /10 Kg.	607	610	-3

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

Centre	Unit	Price		Change
		14-Mar-16	12-Mar-16	
Mahesana (Kadi)	Rs./Qtl	2254	2247	7
Akola	Rs./Qtl	2186	2191	-5

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 14-March-2016		
Index	RMB/Ton	Change
CCIndex(328)	11983	-22
CCIndex(527)	11039	-77
CCIndex(229)	12448	-57
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 14-March-2016		
Index	Cents/lb	Change
FC Index (S)	68.71	0.11
FC Index (M)	65.98	0.12
FC Index (L)	62.96	0.22

Cotlook Index: As on 11-March-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	65.00	0.20

USDA Cotton Spot Rates: As on 11-March-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	58.15	61.40	Nill
North Delta	57.15	59.90	Nill
South Delta	57.15	59.90	Nill
East TX-OK	53.75	55.50	1654
West Texas	54.00	55.25	2186
Desert SW	53.90	60.15	Nill
SJ Valley	55.15	65.05	Nill

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 11-March-2016					
Contract	Open	High	Low	Close	Change
16-May	56.56	57.45	56.49	57.15	0.32
16-Jul	56.55	57.24	56.45	57.03	0.26
16-Oct	56.84	56.84	56.84	56.84	0.18
16-Dec	56.58	56.95	56.42	56.82	0.12
17-Mar	57.83	57.83	57.71	57.71	0.11
17-May	58.34	58.46	58.34	58.42	0.09

Pakistan Cotton Spot rates: As on 12-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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