

Domestic Fundamentals:

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

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:

Bangladeshi Commerce Minister has asked the Indian government to withdraw countervailing duties on Bangladeshi products, particularly garments. Cotton imports rose to 6.1 million bales in 2015 from three million bales in 2006, according to data from BTMA. Cotton imports are increasing amid establishment of new spinning mills and capacity expansion of the old plants. India has the potential to continue being the major supplier of cotton to Bangladesh as it is the largest grower of cotton.

According to trade data released by cncotton.com, China's imports of cotton declined 64.7 per cent in February 2016 compared with the same month previous year. Imports declined to their lowest in last nine years in 2015.

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	765.5	765.5	752.5	756	9157	1898	15826	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	Feb-16	Apr-16	
Spot	202		-
Feb-16		756	-

(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	634	564945	248704
Apr-16	+50.00	16000	16080	15950	16040.00	257	356	407869	140487
May-16	+30.00	16170	16230	16130	16200	120	115	107265	42925

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	15-Mar-16	14-Mar-16	
Gujarat	Ahmedabad	Shankar-6	4650	4650	Unch
	Gondal	Shankar-6	4710	4675	35
	Rajkot	B.T. Cotton	4790	4800	-10
	Patan	B.T. Cotton	4830	4755	75
	Kadi	B.T. Cotton	4750	4850	-100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4745	4750	-5
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	4900	4900	Unch
	Bhiwani	Desi	4200	4150	50
	Adampur	B.T. Cotton	4670	4690	-20
	Fatehabad	B.T. Cotton	4690	4700	-10
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	4730	4750	-20
	Dabwali	B.T. Cotton	4500	4450	50
Rajasthan	Hanumangarh	B.T. Cotton	4680	4680	Unch
	Rawatsar	B.T. Cotton	4600	4570	30
Madhya Pradesh	Khandwa	Mech-1	NA	4686	-
	Khargaon	Mech-1	NA	4735	-
Maharashtra	Amravati	Mech-1	4750	4700	50
	Jamner	Medium Staple	4480	4495	-15
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	4100	-
	East Godavari	Un-Ginned	4100	4100	Unch
Karnataka	Bijapur	Bunny	NA	4779	-
	Hubli	D.C.H.	NA	3990	-
	Hubli	B.T. Cotton	NA	3990	-
	Raichur	H-44 Cotton	4800	4850	-50
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	15-Mar-16	14-Mar-16	
Punjab	Bhatinda	J-34	3500	3520	-20
	Abohar	J-34	3500	3525	-25

	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3465	3470	-5
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	15-Mar-16	14-Mar-16	
Gujarat	Ahmedabad	Shankar-6	45900	45900	Unch
	Gondal	Shankar-6	2295	1896	399
	Rajkot	B.T. Cotton	2500	2100	400
	Patan	B.T. Cotton	5448	4430	1018
	Kadi	B.T. Cotton	35000	25000	10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	415	405	10
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	1000	1000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	680	680	Unch
	Fatehabad	B.T. Cotton	250	200	50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	442	250	192
	Dabwali	B.T. Cotton	45	15	30
Rajasthan	Hanumangarh	B.T. Cotton	500	1000	-500
	Rawatsar	B.T. Cotton	250	200	50
Madhya Pradesh	Khandwa	Mech-1	NA	897	-
	Khargaon	Mech-1	NA	2180	-
Maharashtra	Amravati	Mech-1	175	200	-25
	Jamner	Medium Staple	55	50	5
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	3732	2506	1226
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	1850	-
	Hubli	D.C.H.	NA	30	-
	Hubli	B.T. Cotton	NA	30	-

	Raichur	H-44 Cotton	1455	1710	-255
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	15-Mar-16	14-Mar-16	
Punjab	Bhatinda	J-34	1700	1700	Unch
	Abohar	J-34	510	340	170
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	510	510	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
				14-Mar-16	12-Mar-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	29100	29300	-200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	29600	29800	-200
J-34(202)	26mm	3.5 - 4.9	23	32000	32100	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31500	31500	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	32800	32900	-100
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
		15-Mar-16	14-Mar-16	
Rajkot	Rs. /10 Kg.	600	600	Unch
New Delhi	Rs. /10 Kg.	545	545	Unch
Hyderabad	Rs. /10 Kg.	595	590	5
Mumbai	Rs. /10 Kg.	617	607	10

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

Centre	Unit	Price		Change
		15-Mar-16	14-Mar-16	
Mahesana (Kadi)	Rs./Qtl	2243	2254	-11
Akola	Rs./Qtl	2173	2186	-13

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 15-March-2016		
Index	RMB/Ton	Change
CCIndex(328)	11955	-28
CCIndex(527)	11009	-30
CCIndex(229)	12437	-11
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 15-March-2016		
Index	Cents/lb	Change
FC Index (S)	69.58	0.87
FC Index (M)	66.88	0.90
FC Index (L)	64.01	1.05

Cotlook Index: As on 14-March-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	65.50	0.50

USDA Cotton Spot Rates: As on 14-March-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	59.29	62.54	Nil
North Delta	58.29	61.04	Nil
South Delta	58.29	61.04	Nil
East TX-OK	55.00	56.75	4524
West Texas	55.00	56.25	5415
Desert SW	55.04	61.29	Nil
SJ Valley	56.29	66.19	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 14-March-2016

Contract	Open	High	Low	Close	Change
16-May	57.15	58.37	57.15	58.29	1.14
16-Jul	56.97	57.99	56.97	57.90	0.87
16-Oct	57.92	57.92	57.92	57.92	1.08
16-Dec	56.90	57.54	56.90	57.45	0.63
17-Mar	57.78	58.35	57.78	58.35	0.64
17-May	58.67	59.06	58.67	59.06	0.64

Pakistan Cotton Spot rates: As on 14-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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