

Domestic Fundamentals:

Market Outlook: Cotton spot prices witnessed easy tone on Wednesday.

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.

India exported 1.20 lakh bales of cotton last week (07 Mar-13 Mar 2016), which was 1.42 lakh bales previous to last week (29 Feb-06 Mar 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (07-13 Mar 2016) was USA. According to the data released by IBIS and compiled by Agriwatch, USA imported 0.055 lakh bales of cotton from India in the past week (07-13 Mar 2016). Other major importers were Mali, Brazil, Israel and Argentina and their imported volumes were 0.029 lakh bales, 0.011 lakh bales, 0.009 lakh bales and 0.007 lakh bales respectively.

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	751	754.5	747	753	6246	-2911	15826	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	Feb-16	Apr-16	
Spot	192		-
Feb-16		753	-

(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	-544	350160	-214785
Apr-16	+50.00	16000	16080	15950	16040.00	257	21	406885	-984
May-16	+30.00	16170	16230	16130	16200	120	-82	86125	-21140

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	16-Mar-16	15-Mar-16	
Gujarat	Ahmedabad	Shankar-6	4750	4650	100
	Gondal	Shankar-6	4620	4710	-90
	Rajkot	B.T. Cotton	4725	4790	-65
	Patan	B.T. Cotton	4745	4830	-85
	Kadi	B.T. Cotton	4750	4750	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4700	4745	-45
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	4870	4900	-30
	Bhiwani	Desi	4100	4200	-100
	Adampur	B.T. Cotton	4600	4670	-70
	Fatehabad	B.T. Cotton	4650	4690	-40
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	4710	4730	-20
	Dabwali	B.T. Cotton	4325	4500	-175
Rajasthan	Hanumangarh	B.T. Cotton	4650	4680	-30
	Rawatsar	B.T. Cotton	4575	4600	-25
Madhya Pradesh	Khandwa	Mech-1	NA	4669	-
	Khargaon	Mech-1	NA	4790	-
Maharashtra	Amravati	Mech-1	4700	4750	-50
	Jamner	Medium Staple	NA	4480	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4330	4350	-20
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	4845	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	4800	4800	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	16-Mar-16	15-Mar-16	
Punjab	Bhatinda	J-34	3465	3500	-35
	Abohar	J-34	3480	3500	-20

	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3450	3465	-15
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	16-Mar-16	15-Mar-16	
Gujarat	Ahmedabad	Shankar-6	42500	45900	-3400
	Gondal	Shankar-6	2385	2295	90
	Rajkot	B.T. Cotton	3000	2500	500
	Patan	B.T. Cotton	4756	5448	-692
	Kadi	B.T. Cotton	35000	35000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	404	415	-11
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	350	250	100
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	200	442	-242
	Dabwali	B.T. Cotton	40	45	-5
Rajasthan	Hanumangarh	B.T. Cotton	500	500	Unch
	Rawatsar	B.T. Cotton	250	250	Unch
Madhya Pradesh	Khandwa	Mech-1	NA	1254	-
	Khargaon	Mech-1	NA	2430	-
Maharashtra	Amravati	Mech-1	100	175	-75
	Jamner	Medium Staple	NA	55	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	2541	3732	-1191
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	880	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	1282	1455	-173
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	16-Mar-16	15-Mar-16	
Punjab	Bhatinda	J-34	2040	1700	340
	Abohar	J-34	510	510	Unch
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	850	510	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
				15-Mar-16	14-Mar-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	29100	29100	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	29600	29600	Unch
J-34(202)	26mm	3.5 - 4.9	23	31900	32000	-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	32800	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
		16-Mar-16	15-Mar-16	
Rajkot	Rs. /10 Kg.	598	600	-2
New Delhi	Rs. /10 Kg.	545	545	Unch
Hyderabad	Rs. /10 Kg.	595	595	Unch
Mumbai	Rs. /10 Kg.	615	615	Unch

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

Centre	Unit	Price		Change
		16-Mar-16	15-Mar-16	
Mahesana (Kadi)	Rs./Qtl	2221	2243	-22
Akola	Rs./Qtl	2170	2173	-3

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 16-March-2016		
Index	RMB/Ton	Change
CCIndex(328)	11948	-7
CCIndex(527)	10997	-12
CCIndex(229)	12425	-12
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 15-March-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	66.50	1.00

USDA Cotton Spot Rates: As on 15-March-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	59.24	62.49	139
North Delta	58.24	60.99	Nil
South Delta	58.24	60.99	Nil
East TX-OK	55.00	56.75	3146
West Texas	55.00	56.25	5945
Desert SW	54.99	60.99	500
SJ Valley	56.24	66.14	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 15-March-2016

Contract	Open	High	Low	Close	Change
16-May	58.30	58.49	58.00	58.24	-0.05
16-Jul	57.97	58.17	57.64	58.07	0.17
16-Oct	57.86	57.86	57.86	57.86	-0.06
16-Dec	57.52	57.69	57.20	57.69	0.24
17-Mar	58.40	58.52	58.12	58.52	0.17
17-May	58.82	59.23	58.82	59.23	0.17

Pakistan Cotton Spot rates: As on 15-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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