

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed mostly weak tone on Thursday.

In The News: The Cotton Association of India (CAI) has estimated cotton production at 345 lakh bales (of 170 kg each) in the 2015/16 season that started on October 01, 2015 lower by 37.75 lakh bales from earlier estimate. With carryover stock of about 73.60 lakh bales and imports of about 14 lakh bales, the total availability is estimated at around 432.60 lakh bales. However, CAI has pegged the total consumption at around 304 lakh bales, of which 270 lakh bales is estimated to be consumed by mills, 24 lakh bales by small scale units, while 10 lakh bales is likely to be non-mill consumption.

Cotton crop in Gujarat is estimated to be around 94.5 lakh bales (108 lakh bales), in Haryana at 16 lakh bales (23.50 lakh bales). However, the crop estimate for Maharashtra, Telangana and Andhra Pradesh is almost in line with the last year's crop.

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.

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	751.5	756	744.5	752	9371	3125	15826	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	Feb-16	Apr-16	
Spot	198		-
Feb-16		752	-

(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	349	488297	138137
Apr-16	+50.00	16000	16080	15950	16040.00	257	-19	407630	745
May-16	+30.00	16170	16230	16130	16200	120	83	103478	17353

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	17-Mar-16	16-Mar-16	
Gujarat	Ahmedabad	Shankar-6	4650	4750	-100
	Gondal	Shankar-6	4605	4620	-15
	Rajkot	B.T. Cotton	4750	4725	25
	Patan	B.T. Cotton	4740	4745	-5
	Kadi	B.T. Cotton	4800	4750	50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4695	4700	-5
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	4850	4870	-20
	Bhiwani	Desi	4000	4100	-100
	Adampur	B.T. Cotton	4600	4600	Unch
	Fatehabad	B.T. Cotton	4575	4650	-75
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	4734	4710	24
	Dabwali	B.T. Cotton	4500	4325	175
Rajasthan	Hanumangarh	B.T. Cotton	4650	4650	Unch
	Rawatsar	B.T. Cotton	4550	4575	-25
Madhya Pradesh	Khandwa	Mech-1	NA	4600	-
	Khargaon	Mech-1	NA	4630	-
Maharashtra	Amravati	Mech-1	4700	4700	Unch
	Jamner	Medium Staple	4472	4475	-3
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4300	4330	-30
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	4100	-
	East Godavari	Un-Ginned	NA	4100	-
Karnataka	Bijapur	Bunny	NA	4865	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	4700	4800	-100
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	17-Mar-16	16-Mar-16	
Punjab	Bhatinda	J-34	3445	3465	-20
	Abohar	J-34	3450	3480	-30

	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3415	3450	-35
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	17-Mar-16	16-Mar-16	
Gujarat	Ahmedabad	Shankar-6	42500	42500	Unch
	Gondal	Shankar-6	3509	2385	1124
	Rajkot	B.T. Cotton	2200	3000	-800
	Patan	B.T. Cotton	4420	4756	-336
	Kadi	B.T. Cotton	25000	35000	-10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	283	404	-121
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	510	680	-170
	Fatehabad	B.T. Cotton	250	350	-100
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	220	200	20
	Dabwali	B.T. Cotton	250	40	210
Rajasthan	Hanumangarh	B.T. Cotton	1000	500	500
	Rawatsar	B.T. Cotton	200	250	-50
Madhya Pradesh	Khandwa	Mech-1	NA	1200	-
	Khargaon	Mech-1	NA	2400	-
Maharashtra	Amravati	Mech-1	100	100	Unch
	Jamner	Medium Staple	31	60	-29
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	2227	2541	-314
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	1170	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	1372	1282	90
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	17-Mar-16	16-Mar-16	
Punjab	Bhatinda	J-34	1700	2040	-340
	Abohar	J-34	340	510	-170
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	340	850	-510
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
				16-Mar-16	15-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	31700	31900	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31300	31500	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	32600	32800	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34300	34400	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36000	36100	-100
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
		17-Mar-16	16-Mar-16	
Rajkot	Rs. /10 Kg.	595	598	-3
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
		17-Mar-16	16-Mar-16	
Mahesana (Kadi)	Rs./Qtl	2231	2221	10
Akola	Rs./Qtl	2171	2170	1

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 17-March-2016		
Index	RMB/Ton	Change
CCIndex(328)	11941	-7
CCIndex(527)	10988	-9
CCIndex(229)	12413	-12
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 17-March-2016		
Index	Cents/lb	Change
FC Index (S)	69.68	0.10
FC Index (M)	67.05	0.17
FC Index (L)	64.28	0.27

Cotlook Index: As on 16-March-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	66.40	-0.10

USDA Cotton Spot Rates: As on 16-March-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	59.32	62.57	6933
North Delta	58.32	61.07	Nil
South Delta	58.32	61.07	Nil
East TX-OK	55.00	56.75	2683
West Texas	55.00	56.25	4099
Desert SW	55.07	61.07	542
SJ Valley	56.32	66.22	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 16-March-2016

Contract	Open	High	Low	Close	Change
16-May	58.00	58.51	57.52	58.32	0.08
16-Jul	58.06	58.29	57.43	58.19	0.12
16-Oct	58.07	58.07	58.07	58.07	0.21
16-Dec	57.66	57.95	57.15	57.94	0.25
17-Mar	58.61	58.82	58.61	58.82	0.30
17-May	59.31	59.51	59.31	59.51	0.28

Pakistan Cotton Spot rates: As on 16-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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