

Domestic Fundamentals:

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

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.

According to the latest estimates of the Cotton Advisory Board (CAB) under union textile ministry, India's largest cotton producer state is likely to witness a cotton yield of 621 kg per hectare, the lowest since 2004-05. This estimate is based on an expected production of 101 lakh bales (1 bale is equivalent to 170 kg). Attack of pink bollworms coupled with erratic rainfall, especially unseasonal rains, has had serious adverse impact on cotton yield in Gujarat. With an estimated drop of 25%-30%, cotton yield in the state, during 2015-16, is expected to reach the lowest level in last 10 years.

The Punjab government has reduced the value added tax (VAT) on cotton yarn and cloth from 6.05 per cent to 3.63 per cent.

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.

According to Cotton Association of India (CAI), the arrivals during 2015-16 season up to the end of February 2016 are estimated at 245 lakh bales compared to 276.25 lakh bales arrived up to the same period last year. This reduction in the arrivals of cotton is an indication of a lower crop this season.

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.

According to USDA latest report, world cotton production this season at 100.2 million bales, nearly 1.2 million bales below February's projection and 19 million bales below 2014/15. Weather-related issues reduced both area and yield in a number of countries this season. For India, production is forecast at 26.8 million bales, a reduction of 1 million bales this month as gin arrivals indicated a lower crop and India's crop is estimated 9 per cent below 2014/15 and the lowest since 2009/10. 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 | 754 | 754 | 747.5 | 750 | 4974 | -4397 | 15826 | 0 |
| Con_2 | - | - | - | - | - | - | - | - | - |

| Spread | Feb-16 | Apr-16 | |
|--------|--------|--------|---|
| Spot | 200 | | - |
| Feb-16 | | 750 | - |

(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 | -405 | 321947 | -166350 |
| Apr-16 | +50.00 | 16000 | 16080 | 15950 | 16040.00 | 257 | -207 | 321773 | -85857 |
| May-16 | +30.00 | 16170 | 16230 | 16130 | 16200 | 120 | -63 | 94334 | -9144 |

| 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 | 18-Mar-16 | 17-Mar-16 | |
| Gujarat | Ahmedabad | Shankar-6 | 4675 | 4650 | 25 |
| | Gondal | Shankar-6 | 4655 | 4605 | 50 |
| | Rajkot | B.T. Cotton | Closed | 4750 | - |
| | Patan | B.T. Cotton | 4750 | 4740 | 10 |
| | Kadi | B.T. Cotton | 4900 | 4800 | 100 |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | 4755 | 4695 | 60 |
| Punjab | Fazilika | B.T. Cotton | NR | NR | - |
| | Muktsar | B.T. Cotton | NA | NA | - |
| Haryana | Bhiwani | B.T. Cotton | 4850 | 4850 | Unch |
| | Bhiwani | Desi | 4000 | 4000 | Unch |
| | Adampur | B.T. Cotton | 4610 | 4600 | 10 |
| | Fatehabad | B.T. Cotton | 4570 | 4575 | -5 |
| | Jind | B.T. Cotton | NA | NA | - |
| | Uchana | B.T. Cotton | 4640 | 4734 | -94 |
| | Dabwali | B.T. Cotton | 4710 | 4500 | 210 |
| Rajasthan | Hanumangarh | B.T. Cotton | 4550 | 4650 | -100 |
| | Rawatsar | B.T. Cotton | 4450 | 4550 | -100 |
| Madhya Pradesh | Khandwa | Mech-1 | NA | 4570 | - |
| | Khargaon | Mech-1 | NA | 4630 | - |
| Maharashtra | Amravati | Mech-1 | 4600 | 4700 | -100 |
| | Jamner | Medium Staple | 4460 | 4472 | -12 |
| Uttar Pradesh | Hathras | B.T. Cotton | NA | NA | - |
| | Hathras | Desi | NA | NA | - |
| Telangana | Adilabad | Un-Ginned | 4300 | 4300 | Unch |
| Andhra Pradesh | Guntur | Un-Ginned | NA | NA | - |
| | Kurnool | Un-Ginned | NA | NA | - |
| | Krishna | Un-Ginned | NA | NA | - |
| | East Godavari | Un-Ginned | 4100 | NA | - |
| Karnataka | Bijapur | Bunny | NA | 4830 | - |
| | Hubli | D.C.H. | NA | 3510 | - |
| | Hubli | B.T. Cotton | NA | 3680 | - |
| | Raichur | H-44 Cotton | 4750 | 4750 | Unch |
| Commodity | Lint | | Prices (Rs./Maund) | | Change |
| State | Centre | Variety | 18-Mar-16 | 17-Mar-16 | |
| Punjab | Bhatinda | J-34 | 3445 | 3445 | Unch |
| | Abohar | J-34 | 3450 | 3450 | Unch |

| | | | | | |
|------------------|----------------|------|------|------|----------|
| | Mansa | J-34 | NA | NA | - |
| | Muktsar | J-34 | NR | NR | - |
| | Fazilika | J-34 | NR | NR | - |
| Haryana | Sirsa | J-34 | 3420 | 3415 | 5 |
| Rajasthan | Sri-Ganganagar | J-34 | NA | NA | - |

Cotton Arrivals in Key Centers:

| Commodity | Kapas | | Arrivals (Quintal) | | Change |
|-----------------------|---------------|---------------|--------------------|-----------|--------------|
| State | Centre | Variety | 18-Mar-16 | 17-Mar-16 | |
| Gujarat | Ahmedabad | Shankar-6 | 42500 | 42500 | Unch |
| | Gondal | Shankar-6 | 2236 | 3509 | -1273 |
| | Rajkot | B.T. Cotton | Closed | 2200 | - |
| | Patan | B.T. Cotton | 5505 | 4420 | 1085 |
| | Kadi | B.T. Cotton | 25000 | 25000 | Unch |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | 373 | 283 | 90 |
| Punjab | Fazilika | B.T. Cotton | NR | NR | - |
| | Muktsar | B.T. Cotton | NA | NA | - |
| Haryana | Bhiwani | B.T. Cotton | 1500 | 1000 | 500 |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 595 | 510 | 85 |
| | Fatehabad | B.T. Cotton | 100 | 250 | -150 |
| | Jind | B.T. Cotton | NA | NA | - |
| | Uchana | B.T. Cotton | 50 | 220 | -170 |
| | Dabwali | B.T. Cotton | 300 | 250 | 50 |
| Rajasthan | Hanumangarh | B.T. Cotton | 250 | 1000 | -750 |
| | Rawatsar | B.T. Cotton | 50 | 200 | -150 |
| Madhya Pradesh | Khandwa | Mech-1 | NA | 1115 | - |
| | Khargaon | Mech-1 | NA | 1760 | - |
| Maharashtra | Amravati | Mech-1 | 145 | 100 | 45 |
| | Jamner | Medium Staple | 51 | 31 | 20 |
| Uttar Pradesh | Hathras | B.T. Cotton | NA | NA | - |
| | Hathras | Desi | NA | NA | - |
| Telangana | Adilabad | Un-Ginned | 2370 | 2227 | 143 |
| 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 | 1220 | - |
| | Hubli | D.C.H. | NA | 40 | - |
| | Hubli | B.T. Cotton | NA | 380 | - |

| | Raichur | H-44 Cotton | 1125 | 1372 | -247 |
|-----------|----------------|-------------|--------------------|-----------|-------------|
| Commodity | Lint | | Arrivals (Quintal) | | Change |
| State | Centre | Variety | 18-Mar-16 | 17-Mar-16 | |
| Punjab | Bhatinda | J-34 | 1700 | 1700 | Unch |
| | Abohar | J-34 | 340 | 340 | Unch |
| | Mansa | J-34 | NA | NA | - |
| Haryana | Sirsa | J-34 | 510 | 340 | 170 |
| 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 |
|---------------------------------------|------------|------------|------------------|---------------|---------------|-------------|
| | | | | 17-Mar-16 | 16-Mar-16 | |
| Bengal Deshi (RG)/Assam Comilla (101) | Below 22mm | 5.0 - 7.0 | 15 | 29000 | 29100 | -100 |
| Bengal Deshi (SG)(201) | Below 22mm | 5.0 - 7.0 | 15 | 29500 | 29600 | -100 |
| J-34(202) | 26mm | 3.5 - 4.9 | 23 | 31600 | 31700 | -100 |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 31200 | 31300 | -100 |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 32400 | 32600 | -200 |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 34300 | 34300 | Unch |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | 36000 | 36000 | Unch |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 48300 | 48400 | -100 |

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

| Centre | Unit | Price | | Change |
|-----------|-------------|-----------|-----------|--------|
| | | 18-Mar-16 | 17-Mar-16 | |
| Rajkot | Rs. /10 Kg. | 605 | 595 | 10 |
| 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 |
|-----------------|---------|-----------|-----------|--------|
| | | 18-Mar-16 | 17-Mar-16 | |
| Mahesana (Kadi) | Rs./Qtl | 2237 | 2231 | 6 |
| Akola | Rs./Qtl | 2179 | 2171 | 8 |

INTERNATIONAL PRICES AND INDICES

| China Cotton Index: As on 18-March-2016 | | |
|--|----------------|---------------|
| Index | RMB/Ton | Change |
| CCIndex(328) | 11902 | -39 |
| CCIndex(527) | 10975 | -13 |
| CCIndex(229) | 12382 | -31 |
| RMB -Renminbi, 1RMB =0.16 \$U.S. | | |

| China Foreign Cotton (FCE) Index : As on 18-March-2016 | | |
|---|-----------------|---------------|
| Index | Cents/lb | Change |
| FC Index (S) | 69.68 | Unch |
| FC Index (M) | 67.05 | Unch |
| FC Index (L) | 64.28 | Unch |

| Cotlook Index: As on 17-March-2016 | | |
|---|--------------------|---------------|
| Cotlook Indices | Cents/Pound | Change |
| A-Index | 66.40 | Unch |

| USDA Cotton Spot Rates: As on 17-March-2016 | | | |
|--|----------------------------|----------------------------|-----------------|
| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
| | cents/lb. | | bales |
| Southeast | 59.36 | 62.61 | Nil |
| North Delta | 58.36 | 61.11 | Nil |
| South Delta | 58.36 | 61.11 | Nil |
| East TX-OK | 55.00 | 56.75 | 2303 |
| West Texas | 55.00 | 56.25 | 5355 |
| Desert SW | 55.11 | 61.11 | Nil |
| SJ Valley | 56.36 | 66.26 | 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 17-March-2016 | | | | | |
|---|-------|-------|-------|-------|--------|
| Contract | Open | High | Low | Close | Change |
| 16-May | 58.37 | 58.89 | 58.22 | 58.36 | 0.04 |
| 16-Jul | 58.23 | 58.81 | 58.15 | 58.29 | 0.10 |
| 16-Oct | 58.22 | 58.22 | 58.22 | 58.22 | 0.15 |
| 16-Dec | 57.94 | 58.49 | 57.86 | 58.04 | 0.10 |
| 17-Mar | 58.86 | 59.2 | 58.69 | 58.79 | -0.03 |
| 17-May | 59.55 | 59.89 | 59.49 | 59.49 | -0.02 |

| Pakistan Cotton Spot rates: As on 17-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 |

Disclaimer

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