

**Domestic Fundamentals:**

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

**In The News:** Declining cotton prices during the last few weeks have raised concerns among the farmers. Currently the prices are Rs.3300 to Rs. 4000 per quintal compared to around Rs.5500 to Rs.6000 per quintal two years ago. To support the livelihood of cotton farmers, they have asked for a minimum price of Rs.5000 per quintal.

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.

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	747	768	741.5	763	12628	7654	15826	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	Feb-16	Apr-16	
Spot	192		-
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	634	576781	254834
Apr-16	+50.00	16000	16080	15950	16040.00	257	941	701167	379394
May-16	+30.00	16170	16230	16130	16200	120	346	233406	139072

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	21-Mar-16	19-Mar-16	
Gujarat	Ahmedabad	Shankar-6	4700	4675	25
	Gondal	Shankar-6	4685	4640	45
	Rajkot	B.T. Cotton	4775	4745	30
	Patan	B.T. Cotton	4710	4730	-20
	Kadi	B.T. Cotton	4900	4800	100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4655	4750	-95
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	4825	4870	-45
	Bhiwani	Desi	4100	4000	100
	Adampur	B.T. Cotton	4625	4625	Unch
	Fatehabad	B.T. Cotton	4600	4610	-10
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	4680	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	4600	NA	-
	Rawatsar	B.T. Cotton	NA	4525	-
Madhya Pradesh	Khandwa	Mech-1	NA	Closed	-
	Khargaon	Mech-1	NA	Closed	-
Maharashtra	Amravati	Mech-1	NA	4600	-
	Jamner	Medium Staple	4400	4400	Unch
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	4100	Unch
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	3890	-
	Raichur	H-44 Cotton	NA	4711	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	21-Mar-16	19-Mar-16	
Punjab	Bhatinda	J-34	3440	3445	-5
	Abohar	J-34	3440	3445	-5

	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3400	3400	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	21-Mar-16	19-Mar-16	
Gujarat	Ahmedabad	Shankar-6	37400	42500	-5100
	Gondal	Shankar-6	1800	2241	-441
	Rajkot	B.T. Cotton	2200	2000	200
	Patan	B.T. Cotton	6990	6120	870
	Kadi	B.T. Cotton	10000	15000	-5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	349	405	-56
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	595	595	Unch
	Fatehabad	B.T. Cotton	250	150	100
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	38	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	1500	NA	-
	Rawatsar	B.T. Cotton	NA	25	-
Madhya Pradesh	Khandwa	Mech-1	NA	Closed	-
	Khargaon	Mech-1	NA	Closed	-
Maharashtra	Amravati	Mech-1	NA	100	-
	Jamner	Medium Staple	42	40	2
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	1820	2080	-260
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	0	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	34	-

	Raichur	H-44 Cotton	NA	907	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	21-Mar-16	19-Mar-16	
Punjab	Bhatinda	J-34	1700	1700	Unch
	Abohar	J-34	510	595	-85
	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
				19-Mar-16	18-Mar-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	29000	29000	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	29500	29500	Unch
J-34(202)	26mm	3.5 - 4.9	23	31500	31600	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31200	31200	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	32400	32400	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34100	34300	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35800	36000	-200
DCH-32(107)	34mm	3.0 - 3.8	33	48300	48300	Unch

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

Centre	Unit	Price		Change
		21-Mar-16	19-Mar-16	
Rajkot	Rs. /10 Kg.	605	603	2
New Delhi	Rs. /10 Kg.	545	545	Unch
Hyderabad	Rs. /10 Kg.	600	595	2
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
		21-Mar-16	19-Mar-16	
Mahesana (Kadi)	Rs./Qtl	2237	2231	6
Akola	Rs./Qtl	2179	2171	8

**INTERNATIONAL PRICES AND INDICES**

<b>China Cotton Index: As on 21-March-2016</b>		
<b>Index</b>	<b>RMB/Ton</b>	<b>Change</b>
CCIndex(328)	11767	<b>-135</b>
CCIndex(527)	10880	<b>-95</b>
CCIndex(229)	12246	<b>-136</b>
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<b>China Foreign Cotton (FCE) Index : As on 21-March-2016</b>		
<b>Index</b>	<b>Cents/lb</b>	<b>Change</b>
FC Index (S)	68.66	<b>-1.02</b>
FC Index (M)	66.13	<b>-0.92</b>
FC Index (L)	63.09	<b>-1.19</b>

<b>Cotlook Index: As on 18-March-2016</b>		
<b>Cotlook Indices</b>	<b>Cents/Pound</b>	<b>Change</b>
A-Index	66.40	<b>Unch</b>

<b>USDA Cotton Spot Rates: As on 18-March-2016</b>			
<b>Growth Area</b>	<b>Leaf 4 to Staple 34</b>	<b>Leaf 3 to Staple 35</b>	<b>Arrivals</b>
	<b>cents/lb.</b>		<b>bales</b>
<b>Southeast</b>	59.36	62.61	<b>Nil</b>
<b>North Delta</b>	58.36	61.11	<b>Nil</b>
<b>South Delta</b>	58.36	61.11	<b>Nil</b>
<b>East TX-OK</b>	55.00	56.75	<b>2303</b>
<b>West Texas</b>	55.00	56.25	<b>5355</b>
<b>Desert SW</b>	55.11	61.11	<b>Nil</b>
<b>SJ Valley</b>	56.36	66.26	<b>Nil</b>

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 18-March-2016					
Contract	Open	High	Low	Close	Change
16-May	58.36	58.55	56.82	57.16	-1.2
16-Jul	58.29	58.45	56.78	57.06	-1.23
16-Oct	57.25	57.25	57.25	57.25	-0.97
16-Dec	58	58.13	56.6	56.9	-1.14
17-Mar	58.83	58.83	57.36	57.65	-1.14
17-May	58.07	58.45	58.07	58.37	-1.12

Pakistan Cotton Spot rates: As on 19-March-2016				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5300	135	5435
Equivalent	40 Kgs	5680	145	5825

### Disclaimer

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