

## Domestic Fundamentals:

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

**In The News:** The National Commodities and Derivatives Exchange (NCDEX) has imposed special margin of 5% on short side of all running Kapas contracts with effective March 22, 2016 as kapas prices declined by more than 7% within a fortnight.

In order to farmers aware about the best practices to grow cotton and to avoid repeat of the last year's whitefly attack on crop in Punjab and Haryana, trade bodies -- Indian Cotton Association Limited (ICAL), Northern India Textiles Mills Association (NITMA) and Mumbai-based Indian Society for Cotton Improvement (ISCI) -- organized a seminar in Abohar on Monday.

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.

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	768	769.5	757.5	766.50	7518	-5110	15826	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	Feb-16	Apr-16	
Spot	193.5		-
Feb-16		766.5	-

(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	515	783096	206315
Apr-16	+50.00	16000	16080	15950	16040.00	257	117	751473	50306
May-16	+30.00	16170	16230	16130	16200	120	381	388400	154994

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	22-Mar-16	21-Mar-16	
Gujarat	Ahmedabad	Shankar-6	4700	4700	Unch
	Gondal	Shankar-6	4690	4685	5
	Rajkot	B.T. Cotton	4800	4775	25
	Patan	B.T. Cotton	4750	4710	40
	Kadi	B.T. Cotton	4900	4900	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4620	4655	-35
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	4555	NA	-
Haryana	Bhiwani	B.T. Cotton	4800	4825	-25
	Bhiwani	Desi	4000	4100	-100
	Adampur	B.T. Cotton	4650	4625	25
	Fatehabad	B.T. Cotton	4625	4600	25
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	4725	4600	125
	Rawatsar	B.T. Cotton	4525	4525	Unch
Madhya Pradesh	Khandwa	Mech-1	4590	4590	Unch
	Khargaon	Mech-1	4685	4685	Unch
Maharashtra	Amravati	Mech-1	4500	4500	Unch
	Jamner	Medium Staple	4500	4400	100
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	4721	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	4700	4750	-50
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	22-Mar-16	21-Mar-16	
Punjab	Bhatinda	J-34	3470	3440	30
	Abohar	J-34	3500	3440	60

	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
<b>Haryana</b>	Sirsa	J-34	3410	3400	10
<b>Rajasthan</b>	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	22-Mar-16	21-Mar-16	
<b>Gujarat</b>	Ahmedabad	Shankar-6	37400	37400	Unch
	Gondal	Shankar-6	1572	1800	-228
	Rajkot	B.T. Cotton	1000	2200	-1200
	Patan	B.T. Cotton	5440	6990	-1550
	Kadi	B.T. Cotton	15000	10000	5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	344	349	-5
<b>Punjab</b>	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	41	NA	-
<b>Haryana</b>	Bhiwani	B.T. Cotton	1000	1000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	595	595	Unch
	Fatehabad	B.T. Cotton	200	250	-50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
<b>Rajasthan</b>	Hanumangarh	B.T. Cotton	1000	1500	-500
	Rawatsar	B.T. Cotton	200	50	150
<b>Madhya Pradesh</b>	Khandwa	Mech-1	485	485	Unch
	Khargaon	Mech-1	1520	1520	Unch
<b>Maharashtra</b>	Amravati	Mech-1	170	200	-30
	Jamner	Medium Staple	45	42	3
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
<b>Telangana</b>	Adilabad	Un-Ginned	3304	1820	1484
<b>Andhra Pradesh</b>	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
<b>Karnataka</b>	Bijapur	Bunny	NA	1810	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	630	900	<b>-270</b>
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	22-Mar-16	21-Mar-16	
Punjab	Bhatinda	J-34	1360	1700	<b>-340</b>
	Abohar	J-34	510	510	Unch
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	340	510	<b>-170</b>
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
				21-Mar-16	19-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	31400	31500	<b>-100</b>
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31200	31200	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	32200	32400	<b>-200</b>
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34000	34100	<b>-100</b>
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35800	35800	Unch
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
		22-Mar-16	21-Mar-16	
Rajkot	Rs. /10 Kg.	615	605	<b>10</b>
New Delhi	Rs. /10 Kg.	545	545	Unch
Hyderabad	Rs. /10 Kg.	600	595	<b>5</b>
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
		22-Mar-16	21-Mar-16	
Mahesana (Kadi)	Rs./Qtl	2261	2251	<b>10</b>
Akola	Rs./Qtl	2175	2174	<b>1</b>

**INTERNATIONAL PRICES AND INDICES**

<b>China Cotton Index: As on 22-March-2016</b>		
<b>Index</b>	<b>RMB/Ton</b>	<b>Change</b>
CCIndex(328)	11709	<b>-58</b>
CCIndex(527)	10821	<b>-59</b>
CCIndex(229)	12237	<b>-9</b>
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<b>China Foreign Cotton (FCE) Index : As on 22-March-2016</b>		
<b>Index</b>	<b>Cents/lb</b>	<b>Change</b>
FC Index (S)	69.49	<b>0.83</b>
FC Index (M)	66.87	<b>0.74</b>
FC Index (L)	64.07	<b>0.98</b>

<b>Cotlook Index: As on 21-March-2016</b>		
<b>Cotlook Indices</b>	<b>Cents/Pound</b>	<b>Change</b>
A-Index	65.15	<b>-1.25</b>

<b>USDA Cotton Spot Rates: As on 21-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>	59.17	62.42	<b>Nil</b>
<b>North Delta</b>	58.17	60.92	<b>Nil</b>
<b>South Delta</b>	58.17	60.92	<b>Nil</b>
<b>East TX-OK</b>	54.50	56.00	<b>1415</b>
<b>West Texas</b>	54.75	56.00	<b>1520</b>
<b>Desert SW</b>	54.92	60.92	<b>Nil</b>
<b>SJ Valley</b>	56.17	66.07	<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 21-March-2016					
Contract	Open	High	Low	Close	Change
16-May	57.10	58.58	57.06	58.17	1.01
16-Jul	57.00	58.34	57.00	58.08	1.02
16-Oct	57.73	58.31	57.73	58.31	1.06
16-Dec	56.89	57.96	56.89	57.91	1.01
17-Mar	58.18	58.67	58.18	58.63	0.98
17-May	58.87	59.33	58.87	59.33	0.96

Pakistan Cotton Spot rates: As on 21-March-2016				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5250	135	5385
Equivalent	40 Kgs	5626	145	5771

#### Disclaimer

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