

## Domestic Fundamentals:

**Market Outlook:** Cotton spot prices noticed mostly firm tone on Wednesday.

**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 1.19 lakh bales of cotton last week (14 Mar-20 Mar 2016), which was 1.20 lakh bales previous to last week (07 Mar-13 Mar 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (14-20 Mar 2016) was Mali. According to the data released by IBIS and compiled by Agriwatch, Mali imported 0.17 lakh bales of cotton from India in the past week (14-20 Mar 2016). Other major importers were USA, Egypt, Australia and Brazil and their imported volumes were 0.07 lakh bales, 0.02 lakh bales, 0.01 lakh bales and 0.01 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	776.5	783.5	771	773.50	8083	565	15826	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	Feb-16	Apr-16	
Spot	186.5		-
Feb-16		773.5	-

(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	-211	703780	-79316
Apr-16	+50.00	16000	16080	15950	16040.00	257	285	871324	119851
May-16	+30.00	16170	16230	16130	16200	120	-388	233587	-154813

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	23-Mar-16	22-Mar-16	
Gujarat	Ahmedabad	Shankar-6	4700	4700	Unch
	Gondal	Shankar-6	NA	4690	-
	Rajkot	B.T. Cotton	NA	4800	-
	Patan	B.T. Cotton	NA	4750	-
	Kadi	B.T. Cotton	Closed	4900	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4555	4620	-65
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	4555	-
Haryana	Bhiwani	B.T. Cotton	4900	4800	100
	Bhiwani	Desi	4100	4000	100
	Adampur	B.T. Cotton	4680	4650	30
	Fatehabad	B.T. Cotton	4670	4625	45
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	Closed	4725	-
	Rawatsar	B.T. Cotton	Closed	4525	-
Madhya Pradesh	Khandwa	Mech-1	NA	4590	-
	Khargaon	Mech-1	4675	4685	-10
Maharashtra	Amravati	Mech-1	4500	4500	Unch
	Jamner	Medium Staple	4589	4500	89
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	NA	-
	Raichur	H-44 Cotton	NA	4700	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	23-Mar-16	22-Mar-16	
Punjab	Bhatinda	J-34	Closed	3470	-
	Abohar	J-34	Closed	3500	-

	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
<b>Haryana</b>	Sirsa	J-34	3420	3410	<b>10</b>
<b>Rajasthan</b>	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	23-Mar-16	22-Mar-16	
<b>Gujarat</b>	Ahmedabad	Shankar-6	85000	37400	<b>47600</b>
	Gondal	Shankar-6	NA	1572	-
	Rajkot	B.T. Cotton	NA	1000	-
	Patan	B.T. Cotton	NA	5440	-
	Kadi	B.T. Cotton	Closed	15000	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	50	344	<b>-294</b>
<b>Punjab</b>	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	41	-
<b>Haryana</b>	Bhiwani	B.T. Cotton	800	1000	<b>-200</b>
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	510	595	<b>-85</b>
	Fatehabad	B.T. Cotton	100	200	<b>-100</b>
	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	Closed	1000	-
	Rawatsar	B.T. Cotton	Closed	200	-
<b>Madhya Pradesh</b>	Khandwa	Mech-1	NA	485	-
	Khargaon	Mech-1	680	1520	<b>-840</b>
<b>Maharashtra</b>	Amravati	Mech-1	150	170	<b>-20</b>
	Jamner	Medium Staple	40	45	<b>-5</b>
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
<b>Telangana</b>	Adilabad	Un-Ginned	NA	3304	-
<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	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	NA	630	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	23-Mar-16	22-Mar-16	
Punjab	Bhatinda	J-34	Closed	1360	-
	Abohar	J-34	Closed	510	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	170	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
				22-Mar-16	21-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	31600	31400	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31200	31200	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	32200	32200	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34000	34000	Unch
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
		23-Mar-16	22-Mar-16	
Rajkot	Rs. /10 Kg.	Closed	615	-
New Delhi	Rs. /10 Kg.	580	545	35
Hyderabad	Rs. /10 Kg.	Closed	600	-
Mumbai	Rs. /10 Kg.	620	615	5

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

Centre	Unit	Price		Change
		23-Mar-16	22-Mar-16	
Mahesana (Kadi)	Rs./Qtl	2300	2261	39
Akola	Rs./Qtl	2215	2175	40

**INTERNATIONAL PRICES AND INDICES**

<b>China Cotton Index: As on 23-March-2016</b>		
<b>Index</b>	<b>RMB/Ton</b>	<b>Change</b>
CCIndex(328)	11698	<b>-11</b>
CCIndex(527)	10822	<b>-29</b>
CCIndex(229)	12237	<b>Unch</b>
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<b>China Foreign Cotton (FCE) Index : As on 23-March-2016</b>		
<b>Index</b>	<b>Cents/lb</b>	<b>Change</b>
FC Index (S)	69.70	<b>0.21</b>
FC Index (M)	67.09	<b>0.22</b>
FC Index (L)	64.26	<b>0.19</b>

<b>Cotlook Index: As on 22-March-2016</b>		
<b>Cotlook Indices</b>	<b>Cents/Pound</b>	<b>Change</b>
A-Index	65.05	<b>0.90</b>

<b>USDA Cotton Spot Rates: As on 22-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>	59.37	62.62	<b>Nil</b>
<b>North Delta</b>	58.37	61.12	<b>Nil</b>
<b>South Delta</b>	58.37	61.12	<b>Nil</b>
<b>East TX-OK</b>	54.75	56.25	<b>1360</b>
<b>West Texas</b>	55.00	56.25	<b>2168</b>
<b>Desert SW</b>	55.12	61.12	<b>Nil</b>
<b>SJ Valley</b>	56.37	66.27	<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 22-March-2016					
Contract	Open	High	Low	Close	Change
16-May	58.03	58.44	57.62	58.37	0.20
16-Jul	57.93	58.21	57.55	58.17	0.09
16-Oct	57.81	57.92	57.81	57.92	-0.39
16-Dec	57.78	57.93	57.20	57.76	-0.15
17-Mar	58.49	58.65	57.94	58.45	-0.18
17-May	58.98	59.15	58.65	59.15	-0.18

Pakistan Cotton Spot rates: As on 22-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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