

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed steady to firm tone on Monday.

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:

Declining cotton prices in the global market benefit Bangladeshi yarn makers. Due to decline in yarn prices, they have received ample work orders from international retailers. About a year ago, cotton was traded at nearly \$1 a pound in the global market when yarn was sold for \$3.3 to \$3.4 a kg in Bangladesh.

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	767.5	773.5	759	760.50	6587	-1496	15826	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	Feb-16	Apr-16	
Spot	199.5		-
Feb-16		760.5	-

(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	-541	490773	-213007
Apr-16	+50.00	16000	16080	15950	16040.00	257	-602	620088	-251236
May-16	+30.00	16170	16230	16130	16200	120	375	388960	155373

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

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	28-Mar-16	26-Mar-16	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	Closed	Closed	-
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	4900	4850	50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	Closed	Closed	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	4850	4850	Unch
	Bhiwani	Desi	4200	4200	Unch
	Adampur	B.T. Cotton	4675	4670	5
	Fatehabad	B.T. Cotton	4650	4650	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	4720	4600	120
	Rawatsar	B.T. Cotton	4500	4520	-20
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	Closed	Closed	-
	Jamner	Medium Staple	4550	NA	-
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	4100	4100	Unch
	East Godavari	Un-Ginned	4100	NA	-
Karnataka	Bijapur	Bunny	NA	4729	-
	Hubli	D.C.H.	NA	3560	-
	Hubli	B.T. Cotton	NA	3560	-
	Raichur	H-44 Cotton	4725	4730	-5
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	28-Mar-16	26-Mar-16	
Punjab	Bhatinda	J-34	3480	3475	5
	Abohar	J-34	3500	3500	Unch

	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3400	3415	-15
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	28-Mar-16	26-Mar-16	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	Closed	Closed	-
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	25000	12500	12500
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	Closed	Closed	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	500	1000	-500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	510	595	-85
	Fatehabad	B.T. Cotton	200	200	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	330	400	-70
	Rawatsar	B.T. Cotton	100	200	-100
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	Closed	Closed	-
	Jamner	Medium Staple	50	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	1094	230	864
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	350	-
	Hubli	D.C.H.	NA	30	-
	Hubli	B.T. Cotton	NA	28	-

	Raichur	H-44 Cotton	892	620	272
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	28-Mar-16	26-Mar-16	
Punjab	Bhatinda	J-34	1360	1360	Unch
	Abohar	J-34	425	425	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
				26-Mar-16	25-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	31600	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31300	31200	100
Shankar-6(105)	29mm	3.5 - 4.9	28	32300	32200	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33900	33900	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35700	35700	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
		28-Mar-16	26-Mar-16	
Rajkot	Rs. /10 Kg.	Closed	Closed	-
New Delhi	Rs. /10 Kg.	600	600	Unch
Hyderabad	Rs. /10 Kg.	600	Closed	-
Mumbai	Rs. /10 Kg.	630	620	10

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

Centre	Unit	Price		Change
		28-Mar-16	26-Mar-16	
Mahesana (Kadi)	Rs./Qtl	Closed	2295	-
Akola	Rs./Qtl	2260	2222	38

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 26-March-2016		
Index	RMB/Ton	Change
CCIndex(328)	11682	Unch
CCIndex(527)	10793	-2
CCIndex(229)	12209	-10
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 28-March-2016		
Index	Cents/lb	Change
FC Index (S)	69.21	Unch
FC Index (M)	66.69	Unch
FC Index (L)	63.51	Unch

Cotlook Index: As on 24-March-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	66.30	Unch

USDA Cotton Spot Rates: As on 24-March-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	58.72	61.97	348
North Delta	57.72	60.47	Nil
South Delta	57.72	60.47	Nil
East TX-OK	54.00	55.50	306
West Texas	54.25	55.50	613
Desert SW	54.47	60.47	Nil
SJ Valley	55.72	65.62	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 25-March-2016

Contract	Open	High	Low	Close	Change
16-May	58.26	58.31	57.33	57.72	-0.67
16-Jul	58.01	58.01	57.17	57.58	-0.52
16-Oct	57.51	57.51	57.51	57.51	-0.49
16-Dec	57.55	57.55	56.73	57.35	-0.29
17-Mar	58.05	58.1	57.47	58.06	-0.29
17-May	58.54	58.75	58.16	58.75	-0.27

Pakistan Cotton Spot rates: As on 26-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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