

## Domestic Fundamentals:

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

**In The News:** Union Agriculture and Farmers Welfare Ministry has issued directives to the States producing cotton to check the adverse effect of white fly on the crop. In 2015, white fly had caused extensive damage to cotton crop in Punjab and Haryana. To save the crop from the fly, the Government has taken various preventive measures.

NCDEX has helped raise the bar on quality of cotton bales traded in futures. The stringent warehousing standards and surveillance system of the exchange has helped address quality challenges faced by the industry. This has translated into increased participation on the Exchange.

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.

The Post/New MY 2016/17 total Mexican cotton production is forecast to decrease approximately 4 percent due to an expected 9 percent decrease in planted area. Private sources stated that the decrease in planted area is mainly due to the need to rotate cotton with other crops like corn and vegetables in order to maintain more fertile soils.

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	761	763	743	752	2797	-1053	15826	0
Con_2	-	-	-	-	-	-	-	-	-

  

Spread	Feb-16	Apr-16	
Spot	214		-
Feb-16		752	-

(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	0	398345	0
Apr-16	+50.00	16000	16080	15950	16040.00	257	-909	321796	-381049
May-16	+30.00	16170	16230	16130	16200	120	-519	96933	-208746

  

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	1-Apr-16	31-Mar-16	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	4815	Closed	-
	Rajkot	B.T. Cotton	4830	Closed	-
	Patan	B.T. Cotton	4805	Closed	-
	Kadi	B.T. Cotton	4900	4900	Unch
	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	4900	4900	Unch
	Bhiwani	Desi	4300	4300	Unch
	Adampur	B.T. Cotton	4650	4670	-20
	Fatehabad	B.T. Cotton	4660	4700	-40
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	4700	4700	Unch
	Rawatsar	B.T. Cotton	4500	4500	Unch
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	Closed	Closed	-
	Jamner	Medium Staple	4550	4530	20
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	4100	Unch
Karnataka	Bijapur	Bunny	4690	4890	-200
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	4750	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	1-Apr-16	31-Mar-16	
Punjab	Bhatinda	J-34	3480	3465	15

	Abohar	J-34	3500	3480	20
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3425	3425	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	1-Apr-16	31-Mar-16	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	756	Closed	-
	Rajkot	B.T. Cotton	625	Closed	-
	Patan	B.T. Cotton	2502	Closed	-
	Kadi	B.T. Cotton	15000	12500	2500
	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	1000	1000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	425	425	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	-
Rajasthan	Hanumangarh	B.T. Cotton	100	100	Unch
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	Closed	Closed	-
	Jamner	Medium Staple	45	43	2
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	207	784	-577
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	180	880	-700
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	975	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	1-Apr-16	31-Mar-16	
Punjab	Bhatinda	J-34	1360	1360	Unch
	Abohar	J-34	340	255	85
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	340	340	Unch
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
				31-Mar-16	30-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	31900	31900	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31800	31800	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	32800	32800	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34200	34200	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
		1-Apr-16	31-Mar-16	
Rajkot	Rs. /10 Kg.	635	Closed	-
New Delhi	Rs. /10 Kg.	610	600	10
Hyderabad	Rs. /10 Kg.	615	610	5
Mumbai	Rs. /10 Kg.	635	635	Unch

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

Centre	Unit	Price		Change
		1-Apr-16	31-Mar-16	
Mahesana (Kadi)	Rs./Qtl	2335	Closed	-
Akola	Rs./Qtl	2283	2285	-2

### INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 30-March-2016		
Index	RMB/Ton	Change
CCIndex(328)	11679	Unch
CCIndex(527)	10756	-19
CCIndex(229)	12179	-2
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 1-April-2016		
Index	Cents/lb	Change
FC Index (S)	69.89	0.62
FC Index (M)	67.15	0.46
FC Index (L)	64.02	0.38

Cotlook Index: As on 29-March-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	65.90	-0.40

USDA Cotton Spot Rates: As on 30-March-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	58.38	61.63	Nill
North Delta	57.38	60.13	Nill
South Delta	57.38	60.13	Nill
East TX-OK	53.50	55.00	473
West Texas	53.75	55.00	691
Desert SW	54.13	60.13	Nill
SJ Valley	55.38	65.28	Nill

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 31-March-2016					
Contract	Open	High	Low	Close	Change
16-May	57.51	58.59	57.01	58.44	0.77
16-Jul	57.56	58.43	57.04	58.31	0.59
16-Oct	58.01	58.01	58.01	58.01	0.35
16-Dec	57.29	57.82	56.70	57.77	0.32
17-Mar	57.88	58.43	57.31	58.39	0.28
17-May	58.21	59.02	58.18	59.02	0.23

Pakistan Cotton Spot rates: As on 29-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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