

Domestic Fundamentals:

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

In The News: According to a recent forecast by the weather office, summer planting of cotton is likely to be delayed as above normal heat wave conditions is likely to prevail over central and northwest India from April to June this year.

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:

According to a latest report released by the USDA, Spain cotton output in 2016 -17 is expected to be stable at 175,000 metric tonnes. Area planted to cotton in Marketing Year (MY) 2016/17 will remain stable compared to 2015/16 levels. Despite the lower prices received by farmers, no big changes in plantings are foreseen as in the areas where cotton is grown there are little alternatives available.

Cotton growers have been advised to complete cotton sowing during current month and use certified varieties for good yield. The certified varieties require less water, bear high temperature and have high resistance against Cotton Leaf Curl Virus.

World cotton production in 2016/17 is projected to increase by 4%, to just under 23 million tons, as the world average yield is anticipated to improve by 4% to 732 kg/ha. In 2016/17, world cotton area is expected to expand by 1% to 31.3 million hectares. India's area is forecast up 4% to 12.4 million hectares due to improved domestic cotton prices in 2015/16. After production plummeted in 2015/16, cotton production in Pakistan is expected to jump 35% to 2.1 million tons as yields recover. The world cotton consumption is anticipated to remain stable at 23.9 million tons.

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	759	775	759	774	3897	1100	15826	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	Feb-16	Apr-16	
Spot	226		-
Feb-16		774	-

(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	588	579575	257779
May-16	+30.00	16170	16230	16130	16200	120	571	321832	224899

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	4-Apr-16	2-Apr-16	
Gujarat	Ahmedabad	Shankar-6	4850	Closed	-
	Gondal	Shankar-6	4885	4750	135
	Rajkot	B.T. Cotton	5000	4870	130
	Patan	B.T. Cotton	5050	4750	300
	Kadi	B.T. Cotton	4850	4900	-50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4860	NA	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	4925	4900	25
	Bhiwani	Desi	4400	4400	Unch
	Adampur	B.T. Cotton	4725	4640	85
	Fatehabad	B.T. Cotton	4725	4670	55
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	4600	4600	Unch
	Rawatsar	B.T. Cotton	4525	4500	25
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5000	NA	-
Maharashtra	Amravati	Mech-1	4650	4650	Unch
	Jamner	Medium Staple	4538	4546	-8
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	3310	-
	Raichur	H-44 Cotton	4875	4820	55
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	4-Apr-16	2-Apr-16	
Punjab	Bhatinda	J-34	3500	3485	15

	Abohar	J-34	3525	3510	15
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3430	3425	5
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	4-Apr-16	2-Apr-16	
Gujarat	Ahmedabad	Shankar-6	25500	Closed	-
	Gondal	Shankar-6	1230	1008	222
	Rajkot	B.T. Cotton	2425	1321	1104
	Patan	B.T. Cotton	5250	3967	1283
	Kadi	B.T. Cotton	20000	20000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	244	NA	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	600	800	-200
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	340	425	-85
	Fatehabad	B.T. Cotton	250	200	50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	1390	NA	-
Maharashtra	Amravati	Mech-1	150	500	-350
	Jamner	Medium Staple	27	51	-24
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	402	-
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	NA	-
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	10	-
	Raichur	H-44 Cotton	922	810	112
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	4-Apr-16	2-Apr-16	
Punjab	Bhatinda	J-34	1190	1360	-170
	Abohar	J-34	340	340	Unch
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	170	510	-340
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
				2-Apr-16	1-Apr-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	32000	31800	200
Shankar-6(105)	29mm	3.5 - 4.9	28	33000	32800	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34400	34200	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36000	35800	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
		4-Apr-16	2-Apr-16	
Rajkot	Rs. /10 Kg.	650	640	10
New Delhi	Rs. /10 Kg.	610	610	Unch
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
		4-Apr-16	2-Apr-16	
Mahesana (Kadi)	Rs./Qtl	2415	2342	73

Akola	Rs./Qtl	2322	2283	39
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INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 01-April-2016		
Index	RMB/Ton	Change
CCIndex(328)	11678	1
CCIndex(527)	10747	-8
CCIndex(229)	12178	-3
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 01-April-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	66.40	0.70

USDA Cotton Spot Rates: As on 01-April-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	60.20	63.45	Nil
North Delta	59.20	61.95	Nil
South Delta	59.20	61.95	Nil
East TX-OK	54.50	56.00	1972
West Texas	54.50	55.75	6324
Desert SW	55.95	61.95	Nil
SJ Valley	57.20	67.10	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 01-April-2016					
Contract	Open	High	Low	Close	Change
16-May	58.26	59.39	58.15	59.20	0.76
16-Jul	58.29	59.03	57.99	58.84	0.53
16-Oct	58.81	58.81	58.81	58.81	0.80
16-Dec	57.66	58.39	57.54	58.26	0.49
17-Mar	58.31	59.06	58.15	59.04	0.65
17-May	59.70	59.70	59.70	59.70	0.68

Pakistan Cotton Spot rates: As on 01-April-2016				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5200	135	5335
Equivalent	40 Kgs	5573	145	5718

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