

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed mixed tone on Wednesday.

In The News: The government has decided to promote the cultivation of indigenous varieties of cotton this year as in the crop year 2015 -16 (July-June), cotton crop was affected in Haryana, Punjab, Rajasthan, Gujarat and Andhra Pradesh amid whitefly and pink bollworm pest attack. Bt Cotton was introduced in 2002 and around 90 per cent of the crop area is under Bt Cotton. The productivity of native varieties is lower by 10-15 per cent as compared to Bt Cotton, but expenditure on pesticides and sprays would be less and farmers can reuse the seeds for next sowing.

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.

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	773	778	769	772	2738	-225	15826	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	Feb-16	Apr-16	
Spot	220		-
Feb-16		772	-

(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	213	579693	87992
May-16	+30.00	16170	16230	16130	16200	120	399	364570	149515

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	6-Apr-16	5-Apr-16	
Gujarat	Ahmedabad	Shankar-6	4900	4900	Unch
	Gondal	Shankar-6	4945	4940	5
	Rajkot	B.T. Cotton	4960	5000	-40
	Patan	B.T. Cotton	5000	5035	-35
	Kadi	B.T. Cotton	5000	5000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4905	5105	-200
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	4950	4950	Unch
	Bhiwani	Desi	4500	4500	Unch
	Adampur	B.T. Cotton	4770	4735	35
	Fatehabad	B.T. Cotton	4750	4740	10
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	4625	4625	Unch
	Rawatsar	B.T. Cotton	4500	4525	-25
Madhya Pradesh	Khandwa	Mech-1	4700	4700	Unch
	Khargaon	Mech-1	5005	5000	5
Maharashtra	Amravati	Mech-1	4625	4625	Unch
	Jamner	Medium Staple	4578	4562	16
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	4890	4890	Unch
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	4282	-
	Raichur	H-44 Cotton	4990	4911	79
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	6-Apr-16	5-Apr-16	
Punjab	Bhatinda	J-34	3520	3500	20

	Abohar	J-34	3550	3550	Unch
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3450	3440	10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	6-Apr-16	5-Apr-16	
Gujarat	Ahmedabad	Shankar-6	25500	25500	Unch
	Gondal	Shankar-6	2130	1710	420
	Rajkot	B.T. Cotton	3700	3025	675
	Patan	B.T. Cotton	4535	4870	-335
	Kadi	B.T. Cotton	25000	20000	5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	204	255	-51
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	1000	500	500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	340	425	-85
	Fatehabad	B.T. Cotton	250	350	-100
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	380	650	-270
	Rawatsar	B.T. Cotton	NA	100	-
Madhya Pradesh	Khandwa	Mech-1	150	150	Unch
	Khargaon	Mech-1	1730	1390	340
Maharashtra	Amravati	Mech-1	100	100	Unch
	Jamner	Medium Staple	42	45	-3
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	462	NA	-
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	1530	1530	Unch
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	10	-
	Raichur	H-44 Cotton	742	667	75
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	6-Apr-16	5-Apr-16	
Punjab	Bhatinda	J-34	1054	1020	34
	Abohar	J-34	425	510	-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
				5-Apr-16	4-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	32100	32000	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32200	32200	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	33200	33200	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34600	34600	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36200	36200	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	48700	48500	200

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

Centre	Unit	Price		Change
		6-Apr-16	5-Apr-16	
Rajkot	Rs. /10 Kg.	660	655	5
New Delhi	Rs. /10 Kg.	610	610	Unch
Hyderabad	Rs. /10 Kg.	640	620	20
Mumbai	Rs. /10 Kg.	660	650	10

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

Centre	Unit	Price		Change
		6-Apr-16	5-Apr-16	
Mahesana (Kadi)	Rs./Qtl	2421	2420	1
Akola	Rs./Qtl	2339	2345	-6

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 6-April-2016		
Index	RMB/Ton	Change
CCIndex(328)	11687	Unch
CCIndex(527)	10739	Unch
CCIndex(229)	12190	-1
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 6-April-2016		
Index	Cents/lb	Change
FC Index (S)	70.77	Unch
FC Index (M)	68.10	Unch
FC Index (L)	64.63	Unch

Cotlook Index: As on 5-April-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	67.00	-0.15

USDA Cotton Spot Rates: As on 5-April-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	59.90	63.15	Nil
North Delta	58.90	61.65	Nil
South Delta	58.90	61.65	Nil
East TX-OK	54.50	56.00	Nil
West Texas	54.50	55.75	358
Desert SW	55.65	61.65	Nil
SJ Valley	56.90	66.80	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 5-April-2016

Contract	Open	High	Low	Close	Change
16-May	58.96	59.18	58.54	58.90	-0.06
16-Jul	58.75	58.84	58.26	58.62	-0.03
16-Oct	58.37	58.47	58.37	58.47	-0.06
16-Dec	58.29	58.40	57.95	58.33	0.03
17-Mar	58.93	59.23	58.87	59.16	-0.03
17-May	59.82	59.86	59.51	59.86	-0.04

Pakistan Cotton Spot rates: As on 5-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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