

Domestic Fundamentals:

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

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 0.712 lakh bales of cotton last week (28 Mar-04 Apr 2016), which was 1.19 lakh bales previous to last week (14 Mar-20 Mar 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (28 Mar -04 Apr 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.40 lakh bales of cotton from India in the past week (28 Mar -04 Apr 2016). Other major importers were Pakistan, Vietnam, China and Indonesia and their imported volumes were 0.15 lakh bales, 0.09 lakh bales, 0.03 lakh bales and 0.03 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 latest USDA attaché report, India's 2016/17 cotton production forecast is 28.5 million 480 lb. bales on marginally lower acreage of 11.8 million hectares. Yields are expected higher through a combination of better crop, pest, and weed management practices and assuming a normal monsoon after two consecutive years of deficient rain. Mill consumption is forecast lower than the 2015/16 marketing year as demand remains weak. Exports are forecast at 5.0 million 480 lb. bales while imports are forecast at 900,000 480 lb. bales.

The Nigerian Textile industry has approved the introduction of genetically modified cotton into the country. A timely introduction of GM cotton, especially the Bt cotton variety, which has high resistance to pests, is capable of reviving Nigeria's moribund textile industry according to official sources.

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	776	779.5	773	774	2394	-344	15826	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	Feb-16	Apr-16	
Spot	225		-
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
Apr-16	+50.00	16000	16080	15950	16040.00	257	-700	277939	-301754
May-16	+30.00	16170	16230	16130	16200	120	-338	236074	-128496
July-16									

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)

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	7-Apr-16	6-Apr-16	
Gujarat	Ahmedabad	Shankar-6	4900	4900	Unch
	Gondal	Shankar-6	4970	4945	25
	Rajkot	B.T. Cotton	4995	4960	35
	Patan	B.T. Cotton	5005	5000	5
	Kadi	B.T. Cotton	5100	5000	100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5035	4905	130
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	4800	4770	30
	Fatehabad	B.T. Cotton	4770	4750	20
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	4650	4625	25
	Rawatsar	B.T. Cotton	4600	4500	100
Madhya Pradesh	Khandwa	Mech-1	4800	4700	100
	Khargaon	Mech-1	5050	5005	45
Maharashtra	Amravati	Mech-1	4750	4625	125
	Jamner	Medium Staple	NA	4578	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	4300	-
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	4940	4890	50
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	4159	-
	Raichur	H-44 Cotton	NA	4990	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	7-Apr-16	6-Apr-16	

Punjab	Bhatinda	J-34	3520	3520	Unch
	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	3460	3450	10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	7-Apr-16	6-Apr-16	
Gujarat	Ahmedabad	Shankar-6	28900	25500	3400
	Gondal	Shankar-6	1563	2130	-567
	Rajkot	B.T. Cotton	3625	3700	-75
	Patan	B.T. Cotton	5245	4535	710
	Kadi	B.T. Cotton	20000	25000	-5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	818	204	614
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	600	1000	-400
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	340	340	Unch
	Fatehabad	B.T. Cotton	150	250	-100
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	100	380	-280
	Rawatsar	B.T. Cotton	50	NA	-
Madhya Pradesh	Khandwa	Mech-1	160	150	10
	Khargaon	Mech-1	1270	1730	-460
Maharashtra	Amravati	Mech-1	180	100	80
	Jamner	Medium Staple	NA	42	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	462	-
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	700	1530	-830

	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	40	-
	Raichur	H-44 Cotton	NA	742	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	7-Apr-16	6-Apr-16	
Punjab	Bhatinda	J-34	1020	1054	-34
	Abohar	J-34	340	425	-85
	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
				6-Apr-16	5-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	32100	Unch
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	48700	Unch

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

Centre	Unit	Price		Change
		7-Apr-16	6-Apr-16	
Rajkot	Rs. /10 Kg.	655	660	-5
New Delhi	Rs. /10 Kg.	630	610	20
Hyderabad	Rs. /10 Kg.	630	640	-10
Mumbai	Rs. /10 Kg.	660	660	Unch

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

Centre	Unit	Price		Change
		7-Apr-16	6-Apr-16	
Mahesana (Kadi)	Rs./Qtl	2419	2421	-2
Akola	Rs./Qtl	2345	2339	6

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 7-April-2016		
Index	RMB/Ton	Change
CCIndex(328)	11695	8
CCIndex(527)	10739	Unch
CCIndex(229)	12199	9
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 7-April-2016		
Index	Cents/lb	Change
FC Index (S)	70.66	-0.11
FC Index (M)	67.88	-0.22
FC Index (L)	64.35	-0.28

Cotlook Index: As on 6-April-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	67.00	Unch

USDA Cotton Spot Rates: As on 6-April-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	59.75	63.00	1254
North Delta	58.75	61.50	186
South Delta	58.75	61.50	Nil
East TX-OK	54.25	55.75	202
West Texas	54.25	55.50	73
Desert SW	55.50	61.50	Nil
SJ Valley	56.75	66.65	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 6-April-2016

Contract	Open	High	Low	Close	Change
16-May	58.85	59.28	58.65	58.75	-0.15
16-Jul	58.64	58.90	58.33	58.41	-0.21
16-Oct	58.31	58.31	58.31	58.31	-0.16
16-Dec	58.32	58.47	58.01	58.12	-0.21
17-Mar	58.99	58.99	58.86	58.90	-0.26
17-May	59.62	59.62	59.62	59.62	-0.24

Pakistan Cotton Spot rates: As on 6-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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