

Domestic Fundamentals:

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

In The News: Drought in parts of Southern States is likely to affect the production of cotton. According to official sources, the production of cotton is likely to decline by 40% in Tamil Nadu compared to 5-6 lakh bales during previous year.

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.

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.

Cotton planted area in Vietnam is likely to drop to less than 1,000 hectares. Cotton imports are forecast to increase to 1.17 million tons or 5.37 million bales in the Marketing Year (MY)2015/2016, up 25 percent over MY 2014/2015.

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	774	778	763	776.50	3326	932	15826	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	Feb-16	Apr-16	
Spot	227.5		-
Feb-16		776.5	-

(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
Apr-16	+50.00	16000	16080	15950	16040.00	257	-44	257	1415
May-16	+30.00	16170	16230	16130	16200	120	121	120	918
July-16	-	-	-	-	-	-	-	-	-

Spread	Feb-16	Mar-16	Apr-16	May-16	--	--
Spot	—			-	-	-
Apr-16		-180		-	-	-
May-16			-160	-	-	-
July-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	8-Apr-16	7-Apr-16	
Gujarat	Ahmedabad	Shankar-6	5000	4900	100
	Gondal	Shankar-6	4935	4970	-35
	Rajkot	B.T. Cotton	5020	4995	25
	Patan	B.T. Cotton	5000	5005	-5
	Kadi	B.T. Cotton	5100	5100	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5110	5035	75
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5000	4950	50
	Bhiwani	Desi	4500	4500	Unch
	Adampur	B.T. Cotton	4800	4800	Unch
	Fatehabad	B.T. Cotton	4800	4770	30
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	4750	4650	100
	Rawatsar	B.T. Cotton	4600	4600	Unch
Madhya Pradesh	Khandwa	Mech-1	4800	4800	Unch
	Khargaon	Mech-1	5050	5050	Unch
Maharashtra	Amravati	Mech-1	4750	4750	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	4100	-
	East Godavari	Un-Ginned	NA	4100	-
Karnataka	Bijapur	Bunny	4829	4940	-111
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	8-Apr-16	7-Apr-16	

Punjab	Bhatinda	J-34	3560	3520	40
	Abohar	J-34	3570	3550	20
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3485	3460	25
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	8-Apr-16	7-Apr-16	
Gujarat	Ahmedabad	Shankar-6	25500	28900	-3400
	Gondal	Shankar-6	1860	1563	297
	Rajkot	B.T. Cotton	3840	3625	215
	Patan	B.T. Cotton	4031	5245	-1214
	Kadi	B.T. Cotton	15000	20000	-5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	300	818	-518
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	800	600	200
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	255	340	-85
	Fatehabad	B.T. Cotton	150	150	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	50	100	-50
	Rawatsar	B.T. Cotton	100	50	50
Madhya Pradesh	Khandwa	Mech-1	160	160	Unch
	Khargaon	Mech-1	2060	1270	790
Maharashtra	Amravati	Mech-1	200	180	20
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	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	130	700	-570

	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	8-Apr-16	7-Apr-16	
Punjab	Bhatinda	J-34	850	1020	-170
	Abohar	J-34	255	340	-85
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	170	170	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
				7-Apr-16	6-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	32200	32100	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	49000	48700	300

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

Centre	Unit	Price		Change
		8-Apr-16	7-Apr-16	
Rajkot	Rs. /10 Kg.	650	655	-5
New Delhi	Rs. /10 Kg.	630	630	Unch
Hyderabad	Rs. /10 Kg.	630	630	Unch
Mumbai	Rs. /10 Kg.	655	660	-5

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

Centre	Unit	Price		Change
		8-Apr-16	7-Apr-16	
Mahesana (Kadi)	Rs./Qtl	2412	2419	-7
Akola	Rs./Qtl	2351	2345	6

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 8-April-2016		
Index	RMB/Ton	Change
CCIndex(328)	11696	1
CCIndex(527)	10739	Unch
CCIndex(229)	12201	2
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 7-April-2016		
Index	Cents/lb	Change
FC Index (S)	70.84	0.18
FC Index (M)	68.10	0.22
FC Index (L)	64.52	0.17

Cotlook Index: As on 7-April-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	67.00	Unch

USDA Cotton Spot Rates: As on 7-April-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	60.03	63.28	Nil
North Delta	59.03	61.78	566
South Delta	59.03	61.78	Nil
East TX-OK	54.25	55.75	302
West Texas	54.25	55.5	Nil
Desert SW	55.78	61.78	Nil
SJ Valley	57.03	66.93	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 7-April-2016					
Contract	Open	High	Low	Close	Change
16-May	58.78	59.37	58.56	59.03	0.28
16-Jul	58.51	58.95	58.23	58.57	0.16
16-Oct	58.50	58.50	58.50	58.50	0.19
16-Dec	58.03	58.53	58.01	58.21	0.09
17-Mar	58.98	59.17	58.85	58.88	-0.02
17-May	59.57	59.57	59.57	59.57	-0.05

Pakistan Cotton Spot rates: As on 7-April-2016				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5250	135	5385
Equivalent	40 Kgs	5626	145	5771

Disclaimer

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