

## Domestic Fundamentals:

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

**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 is expediting its work to bring out a local genetically-modified version of cotton seed by next year. The Central Institute for Cotton Research (CICR) has been doing research in GM cotton for quite some time now. In a recent meeting, the issue was discussed and CICR has been asked to expedite research work and come out with GM cotton as soon as by next year. The government has decided to promote cultivation of indigenous cotton varieties this season. In 2015-16 crop year (July-June), there was a significant damage to cotton crop because of whitefly and pink bollworm pest attack in states like Haryana, Punjab, Rajasthan, Gujarat and Andhra Pradesh.

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	784.5	802	784.5	797.50	5015	1689	15826	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	Feb-16	Apr-16	
Spot	221.5		-
Feb-16		797.5	-

(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	+40.00	15840	15900	15780	15860.00	796	0	796	1018
May-16	+50.00	16000	16080	15950	16040.00	257	1116	257	1371
July-16	+30.00	16170	16230	16130	16200	120	1581	120	1039

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)

\* 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	11-Apr-16	9-Apr-16	
Gujarat	Ahmedabad	Shankar-6	5000	5000	Unch
	Gondal	Shankar-6	4945	5015	-70
	Rajkot	B.T. Cotton	5095	5075	20
	Patan	B.T. Cotton	5260	5135	125
	Kadi	B.T. Cotton	5250	5250	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5110	5130	-20
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5100	5000	100
	Bhiwani	Desi	4500	4500	Unch
	Adampur	B.T. Cotton	5010	4820	190
	Fatehabad	B.T. Cotton	5000	4830	170
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	4750	-
	Rawatsar	B.T. Cotton	4750	4700	50
Madhya Pradesh	Khandwa	Mech-1	NA	4800	-
	Khargaon	Mech-1	5200	5050	150
Maharashtra	Amravati	Mech-1	4750	4775	-25
	Jamner	Medium Staple	4600	4600	Unch
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	3810	-
	Hubli	B.T. Cotton	NA	3619	-
	Raichur	H-44 Cotton	5080	5000	80
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	11-Apr-16	9-Apr-16	

<b>Punjab</b>	Bhatinda	J-34	3620	3590	<b>30</b>
	Abohar	J-34	3625	3600	<b>25</b>
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
<b>Haryana</b>	Sirsa	J-34	3600	3525	<b>75</b>
<b>Rajasthan</b>	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	11-Apr-16	9-Apr-16	
Gujarat	Ahmedabad	Shankar-6	25500	25500	Unch
	Gondal	Shankar-6	1764	1542	222
	Rajkot	B.T. Cotton	4400	4000	400
	Patan	B.T. Cotton	5290	4740	550
	Kadi	B.T. Cotton	35000	15000	20000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	236	237	-1
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	500	1000	-500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	255	255	Unch
	Fatehabad	B.T. Cotton	80	150	-70
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	50	-
	Rawatsar	B.T. Cotton	600	200	400
Madhya Pradesh	Khandwa	Mech-1	NA	160	-
	Khargaon	Mech-1	1250	2060	-810
Maharashtra	Amravati	Mech-1	220	200	20
	Jamner	Medium Staple	50	32	18
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	51	109	-58
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	4	-
	Hubli	B.T. Cotton	NA	18	-
	Raichur	H-44 Cotton	915	285	630
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	11-Apr-16	9-Apr-16	
Punjab	Bhatinda	J-34	1020	1020	Unch
	Abohar	J-34	340	340	Unch
	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
				9-Apr-16	8-Apr-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	29600	29600	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	30100	30100	Unch
J-34(202)	26mm	3.5 - 4.9	23	32600	32600	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32400	32400	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	33400	33400	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34900	34900	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36400	36400	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	49000	49000	Unch

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

Centre	Unit	Price		Change
		11-Apr-16	9-Apr-16	
Rajkot	Rs. /10 Kg.	655	655	Unch
New Delhi	Rs. /10 Kg.	630	630	Unch
Hyderabad	Rs. /10 Kg.	640	640	Unch
Mumbai	Rs. /10 Kg.	665	665	Unch

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

Centre	Unit	Price		Change
		11-Apr-16	9-Apr-16	
Mahesana (Kadi)	Rs./Qtl	2429	2411	18

Akola	Rs./Qtl	2382	2350	32
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### INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 11-April-2016		
Index	RMB/Ton	Change
CCIndex(328)	11707	11
CCIndex(527)	10742	3
CCIndex(229)	12208	7
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 11-April-2016		
Index	Cents/lb	Change
FC Index (S)	71.77	0.93
FC Index (M)	68.97	0.87
FC Index (L)	65.28	0.76

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 8-April-2016					
Contract	Open	High	Low	Close	Change
16-May	59.22	60.58	59.05	60.07	1.04
16-Jul	58.51	59.88	58.51	59.56	0.99
16-Oct	59.29	59.29	59.29	59.29	0.79
16-Dec	58.20	59.14	58.20	58.84	0.63
17-Mar	59.40	59.51	59.31	59.34	0.46
17-May	60.10	60.10	59.98	59.98	0.41

Pakistan Cotton Spot rates: As on 9-April-2016				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5350	135	5485
Equivalent	40 Kgs	5734	145	5879

### Disclaimer

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