

Domestic Fundamentals:

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

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. 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.

According to latest USDA attaché report, Pakistan's marketing year 2016/17 cotton production is forecast at 9.0 million 480 lb bales, an improvement over 2015, but low cotton prices are again expected to prompt farmers to reduce input costs, thereby keeping yields and overall production relatively low. Pakistan is again expected to be a significant cotton importer to offset lower production and meet the needs of the textile sector. Imports are forecast at 1.5 million 480 lb bales.

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 firm in the near -term.

NCDEX Kapas Futures*: (Prices in Rs/20kg)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Con_1	+4.50	798	798	786.5	787.50	3214	-1801	15826	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	Feb-16	Apr-16	
Spot	231.5		-
Feb-16		787.5	-

(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	15700	15710	15550	15550	1018	0	398345	1018
May-16	+50.00	17070	17070	16920	16970	2487	0	1050246	2487
July-16	+30.00	17280	17280	17150	17180	1996	-624	837038	2620

Spread	Feb-16	Mar-16	Apr-16	May-16	--	--
Spot	—			-	-	-
Apr-16		-1420		-	-	-
May-16			-210	-	-	-
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	12-Apr-16	11-Apr-16	
Gujarat	Ahmedabad	Shankar-6	5000	5000	Unch
	Gondal	Shankar-6	5065	4945	120
	Rajkot	B.T. Cotton	Closed	5095	-
	Patan	B.T. Cotton	5320	5260	60
	Kadi	B.T. Cotton	5175	5250	-75
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5115	5110	5
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5100	5100	Unch
	Bhiwani	Desi	4500	4500	Unch
	Adampur	B.T. Cotton	5050	5010	40
	Fatehabad	B.T. Cotton	5000	5000	Unch
	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	4700	4750	-50
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5340	5200	140
Maharashtra	Amravati	Mech-1	NA	4750	-
	Jamner	Medium Staple	NA	4600	-
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	4100	NA	-
	East Godavari	Un-Ginned	4100	4100	Unch
Karnataka	Bijapur	Bunny	5139	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5150	5080	70
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	12-Apr-16	11-Apr-16	

Punjab	Bhatinda	J-34	3655	3620	35
	Abohar	J-34	3650	3625	25
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3600	3600	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	12-Apr-16	11-Apr-16	
Gujarat	Ahmedabad	Shankar-6	25500	25500	Unch
	Gondal	Shankar-6	1620	1764	-144
	Rajkot	B.T. Cotton	Closed	4400	-
	Patan	B.T. Cotton	4246	5290	-1044
	Kadi	B.T. Cotton	40000	35000	5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	191	236	-45
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	500	500	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	255	255	Unch
	Fatehabad	B.T. Cotton	50	80	-30
	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	100	600	-500
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	310	1250	-940
Maharashtra	Amravati	Mech-1	NA	220	-
	Jamner	Medium Staple	NA	50	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	49	51	-2
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	1780	NA	-

	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	1117	915	202
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	12-Apr-16	11-Apr-16	
Punjab	Bhatinda	J-34	850	1020	-170
	Abohar	J-34	85	340	-255
	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
				11-Apr-16	9-Apr-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	30200	29600	600
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	30700	30100	600
J-34(202)	26mm	3.5 - 4.9	23	33200	32600	600
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32700	32400	300
Shankar-6(105)	29mm	3.5 - 4.9	28	33800	33400	400
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35400	34900	500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36700	36400	300
DCH-32(107)	34mm	3.0 - 3.8	33	49600	49000	600

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

Centre	Unit	Price		Change
		12-Apr-16	11-Apr-16	
Rajkot	Rs. /10 Kg.	650	655	-5
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
		12-Apr-16	11-Apr-16	
Mahesana (Kadi)	Rs./Qtl	2425	2429	-4

Akola	Rs./Qtl	2387	2382	5
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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 11-April-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	68.25	1.00

USDA Cotton Spot Rates: As on 11-April-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	61.71	64.96	Nill
North Delta	60.71	63.46	579
South Delta	60.71	63.46	Nill
East TX-OK	56.00	57.50	857
West Texas	56.00	57.25	459
Desert SW	57.46	63.46	Nill
SJ Valley	58.71	68.61	Nill
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 11-April-2016					
Contract	Open	High	Low	Close	Change
16-May	60.44	60.83	60.28	60.71	0.64
16-Jul	59.68	60.33	59.68	60.24	0.68
16-Oct	59.30	59.48	59.30	59.48	0.19
16-Dec	58.93	59.60	58.90	59.48	0.64
17-Mar	59.75	60.01	59.65	59.84	0.50
17-May	60.51	60.51	60.43	60.43	0.45

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

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