

Domestic Fundamentals:

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

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 0.760 lakh bales of cotton last week (04 -10 Apr 2016), which was 0.712 lakh bales previous to last week (28 Mar-04 Apr 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (04 -10 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 (04 -10 Apr 2016). Other major importers were Pakistan, Vietnam, China and Indonesia and their imported volumes were 0.07 lakh bales, 0.10 lakh bales, 0.08 lakh bales and 0.07 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	793.5	797	797	785	4317	1103	15826	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	Feb-16	Apr-16	
Spot	234		-
Feb-16		785	-

(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	17070	17070	16920	16970	2487	870	1050246	-359409
May-16	+30.00	17280	17280	17150	17180	1996	465	837038	-175412
July-16	-	-	-	-	-	-			

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	13-Apr-16	12-Apr-16	
Gujarat	Ahmedabad	Shankar-6	5100	5000	100
	Gondal	Shankar-6	4995	5065	-70
	Rajkot	B.T. Cotton	Closed	Closed	-
	Patan	B.T. Cotton	5255	5320	-65
	Kadi	B.T. Cotton	5300	5175	125
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5030	5115	-85
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	5015	5050	-35
	Fatehabad	B.T. Cotton	5015	5000	15
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	4821	4887	-66
	Rawatsar	B.T. Cotton	4700	4700	Unch
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5340	5340	Unch
Maharashtra	Amravati	Mech-1	4900	NA	-
	Jamner	Medium Staple	5000	5000	Unch
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	4100	-
	East Godavari	Un-Ginned	4100	4100	Unch
Karnataka	Bijapur	Bunny	5241	5139	102
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	4610	-
	Raichur	H-44 Cotton	5150	5150	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	13-Apr-16	12-Apr-16	

Punjab	Bhatinda	J-34	3630	3655	-25
	Abohar	J-34	3640	3650	-10
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3590	3600	-10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	13-Apr-16	12-Apr-16	
Gujarat	Ahmedabad	Shankar-6	25500	25500	Unch
	Gondal	Shankar-6	2070	1620	450
	Rajkot	B.T. Cotton	Closed	Closed	-
	Patan	B.T. Cotton	4560	4246	314
	Kadi	B.T. Cotton	35000	40000	-5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	245	191	54
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	600	500	100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	170	255	-85
	Fatehabad	B.T. Cotton	80	50	30
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	270	105	165
	Rawatsar	B.T. Cotton	50	100	-50
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	240	310	-70
Maharashtra	Amravati	Mech-1	30	NA	-
	Jamner	Medium Staple	45	48	-3
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	49	-
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	1430	1780	-350

	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	36	-
	Raichur	H-44 Cotton	1230	1117	113
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	13-Apr-16	12-Apr-16	
Punjab	Bhatinda	J-34	680	850	-170
	Abohar	J-34	255	85	170
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	85	170	-85
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
				12-Apr-16	11-Apr-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	30200	30200	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	30700	30700	Unch
J-34(202)	26mm	3.5 - 4.9	23	33200	33200	Unch
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	32700	32700	Unch
Shankar-6(105)	29mm	3.5 – 4.9	28	33800	33800	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35400	35400	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36700	36700	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	49600	49600	Unch

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

Centre	Unit	Price		Change
		13-Apr-16	12-Apr-16	
Rajkot	Rs. /10 Kg.	655	650	5
New Delhi	Rs. /10 Kg.	630	630	Unch
Hyderabad	Rs. /10 Kg.	630	640	-10
Mumbai	Rs. /10 Kg.	660	665	-5

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

Centre	Unit	Price		Change
		13-Apr-16	12-Apr-16	
Mahesana (Kadi)	Rs./Qtl	2411	2425	-14
Akola	Rs./Qtl	2379	2387	-8

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)	72.99	0.51
FC Index (M)	69.99	0.53
FC Index (L)	66.68	0.72

Cotlook Index: As on 12-April-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	68.75	0.50

USDA Cotton Spot Rates: As on 12-April-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.51	65.76	2,860
North Delta	61.51	64.26	Nil
South Delta	61.51	64.26	Nil
East TX-OK	56.50	58.00	415
West Texas	56.50	57.75	951
Desert SW	58.26	64.26	Nil
SJ Valley	59.51	69.41	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 12-April-2016

Contract	Open	High	Low	Close	Change
16-May	60.90	61.85	60.17	61.51	0.80
16-Jul	60.24	61.26	59.70	60.91	0.67
16-Oct	60.60	60.74	60.02	60.38	0.90
16-Dec	59.53	60.13	58.90	59.77	0.29
17-Mar	60.03	60.36	59.43	60.06	0.22
17-May	60.69	60.69	60.62	60.63	0.20

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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