

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed range –bound movement on Thursday.

In The News: The Telangana government has asked the farmers in the state to plant alternative crops for cotton in the coming kharif season and reduce the area under cotton amid likely decline in cotton prices this year. Telangana is among the top cotton growing States in the country. But farmers have been under tremendous financial pressure in the last three to four years, with monsoon and cottonseed having failed them. Farmers have been investing and they are not getting good returns.

According to the government, the decision taken at the World Trade Organisation's 2015 Nairobi Ministerial to eliminate export subsidies on cotton will benefit Indian shipments. This will provide a level playing field for the farmers in India. The Nairobi Ministerial decision on cotton and export competition resulted in a commitment by developed countries to immediately eliminate their export subsidies, while developing countries were required to do so by January 1, 2017.

The Andhra Pradesh government has decided to reduce the Bt Cotton area in the state from 6.7 lakh hectares to 4.5 lakh hectares after the crop developed pink bollworm pest. The state agriculture department will take up a massive campaign to create awareness among farmers against sowing Bt cotton in red and light soil regions.

According to Cotton Association of India (CAI), output of cotton in India for 2015 -16 season is estimated to be around 341 lakh bales compared to 382.75 lakh bales in 2014 -15. The projected balance sheet drawn by the CAI estimated total cotton supply for the season 2015-16 at 428.60 lakh bales while the domestic consumption is estimated at 305 lakh bales.

India exported 0.468 lakh bales of cotton last week (11 -17 Apr 2016), which was 0.760 lakh bales previous to last week (04 -10 Apr 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (11 -17 Apr 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.20 lakh bales of cotton from India in the past week (11 -17 Apr 2016). Other major importers were Pakistan, Vietnam, China and Indonesia and their imported volumes were 0.12 lakh bales, 0.06 lakh bales, 0.03 lakh bales and 0.003 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 March 2016 are estimated at 280.15 lakh bales compared to 318.45 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 a recent attaché report released by the USDA, Australian production in 2015/16 is estimated at 2.4 million bales, or four percent below the official forecast, as a result of adverse weather. The area harvested in 2016/17 is forecast at 280,000 hectares, compared to 263,000 hectares in 2015/16 and slightly below the official estimate.

The Bangladesh government had taken up a project for research and expansion of cotton production. It is looking at increasing local cotton production.

According to the data released by the national cotton association, Burkina Faso produced 581,000 tonnes of raw cotton in the recently ended 2015/16 season, down 18 percent from the previous harvest and well short of its aim of a record crop of 800,000 tonnes.

According to USDA latest report, global 2015/16 cotton ending stocks are revised down this month. World 2015-16 cotton production is projected at 99.8 million bales, 16 per cent below last season. World ending stocks are now projected at 102.2 million bales.

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	747	753	747	750	762	308	15826	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	Feb-16	Apr-16	
Spot	258		-
Feb-16		750	-

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)

*Updated at 5.39 pm on 27 April- 2016

MCX Cotton Futures*: (Prices in Rs/170 kgs)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-16	+50.00	17330	17370	17270	17280	677	-317	278764	128528
May-16	+30.00	17280	17280	17150	17180	2768	1307	1211815	591646
July-16	-	-	-	-	-	-	-	-	-

Spread	Feb-16	Mar-16	Apr-16	May-16	--	--
Spot	—			-	-	-
Apr-16		-1730		-	-	-
May-16			100	-	-	-
July-16	-	-	-	-	-	-

(NB: Spread Basis = Spot- Near Month Future)

* Updated at 5.39 pm on 27 April 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	28-Apr-16	27-Apr-16	
Gujarat	Ahmedabad	Shankar-6	5100	5125	-25
	Gondal	Shankar-6	5015	4955	60
	Rajkot	B.T. Cotton	5040	5075	-35
	Patan	B.T. Cotton	5050	5025	25
	Kadi	B.T. Cotton	5100	5100	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5000	5105	-105
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5200	5200	Unch
	Bhiwani	Desi	4800	4800	Unch
	Adampur	B.T. Cotton	5010	5020	-10
	Fatehabad	B.T. Cotton	4980	5000	-20
	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	5000	4850	150
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5090	5130	-40
Maharashtra	Amravati	Mech-1	4900	4750	150
	Jamner	Medium Staple	NA	NA	-
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	5289	5275	14
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5100	5150	-50
Commodity	Lint		Prices (Rs./Maund)		Change

State	Centre	Variety	28-Apr-16	27-Apr-16	
Punjab	Bhatinda	J-34	3765	3775	-10
	Abohar	J-34	3780	3775	5
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3670	3680	-10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	28-Apr-16	27-Apr-16	
Gujarat	Ahmedabad	Shankar-6	25500	25500	Unch
	Gondal	Shankar-6	1236	1320	-84
	Rajkot	B.T. Cotton	1700	1900	-200
	Patan	B.T. Cotton	2210	4210	-2000
	Kadi	B.T. Cotton	15000	15000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	87	69	18
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	600	600	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	255	255	Unch
	Fatehabad	B.T. Cotton	30	NA	-
	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	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	1380	1800	-420
Maharashtra	Amravati	Mech-1	10000	10000	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	NA	-
	East Godavari	Un-Ginned	NA	NA	-

Karnataka	Bijapur	Bunny	810	1100	-290
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	367	397	-30
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	28-Apr-16	27-Apr-16	
Punjab	Bhatinda	J-34	340	340	Unch
	Abohar	J-34	85	68	17
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	85	102	-17
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
				27-Apr-16	26-Apr-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	31900	31900	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	32400	32400	Unch
J-34(202)	26mm	3.5 - 4.9	23	34100	34100	Unch
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	33800	33700	100
Shankar-6(105)	29mm	3.5 – 4.9	28	34700	34500	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	37000	37000	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	37900	37900	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	49500	49500	Unch

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

Centre	Unit	Price		Change
		28-Apr-16	27-Apr-16	
Rajkot	Rs. /10 Kg.	660	670	-10
New Delhi	Rs. /10 Kg.	648	660	-12
Hyderabad	Rs. /10 Kg.	640	640	Unch
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
		28-Apr-16	27-Apr-16	

Mahesana (Kadi)	Rs./Qtl	2287	2274	13
Akola	Rs./Qtl	2333	2316	17

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 28-April-2016		
Index	RMB/Ton	Change
CCIndex(328)	12372	3
CCIndex(527)	11256	7
CCIndex(229)	12693	5
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 28-April-2016		
Index	Cents/lb	Change
FC Index (S)	75.45	0.51
FC Index (M)	72.54	0.46
FC Index (L)	72.23	2.42

Cotlook Index: As on 27-April-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	71.35	-0.25

USDA Cotton Spot Rates: As on 27-April-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	64.90	68.15	271
North Delta	64.40	67.15	348
South Delta	64.40	67.15	Nil
East TX-OK	58.25	60.25	Nil
West Texas	58.25	60.00	55
Desert SW	60.90	66.90	Nil
SJ Valley	62.15	72.05	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 27-April-2016					
Contract	Open	High	Low	Close	Change
16-May	63.79	64.07	63.43	64.07	0.61
16-Jul	63.94	64.27	63.41	64.15	0.32
16-Oct	63.50	64.22	61.24	63.82	0.62
16-Dec	62.93	63.14	62.41	63.00	0.21
17-Mar	63.22	63.30	62.84	63.18	0.12
17-May	63.48	63.48	63.20	63.47	0.14

Pakistan Cotton Spot rates: As on 27-April-2016				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5600	135	5735
Equivalent	40 Kgs	6002	145	6147

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