

Domestic Fundamentals:

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

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 China National Development and Reform Commission (NRCD) has announced that they would begin selling a portion of China's estimated 58 million bales of reserve stocks beginning in early May. According to the NRCD, 2 million metric tons (the equivalent of about 9 million 480-pound bales) will be offered for sale in 2016. Only a specified amount can be purchased daily in order to avoid giving the appearance China is dumping cotton on the market.

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	+7.00	907.5	921	907.5	914	1696	0	15826	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	May-16	May-17	
Spot	102		-
May-17		914	-

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

*Updated at 5.10 pm on 02 May- 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-16	+40.00	15700	15710	15550	15550	1018	-282	398345	127890
July-16	+50.00	17970	18010	17860	17920	410	1009	183577	-435160
Sep-16	+30.00	17280	17280	17150	17180	70	-	21276	-597461

Spread	Feb-16	Mar-16	Apr-16	May-16	--	--
Spot	—			-	-	-
May-16		-2370		-	-	-
July-16			740	-	-	-
Sep-16	-	-	-	-	-	-

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

* Updated at 5.10 pm on 02 May 2016

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	2-May-16	30-Apr-16	
Gujarat	Ahmedabad	Shankar-6	5100	5125	-25
	Gondal	Shankar-6	5045	5045	Unch
	Rajkot	B.T. Cotton	5080	5065	15
	Patan	B.T. Cotton	5045	5035	10
	Kadi	B.T. Cotton	5200	5100	100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4770	5060	-290
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5150	5200	-50
	Bhiwani	Desi	4800	4800	Unch
	Adampur	B.T. Cotton	5010	5035	-25
	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	5000	Unch
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5065	5065	Unch
Maharashtra	Amravati	Mech-1	4900	4850	50
	Jamner	Medium Staple	4855	4865	-10
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	4500	NA	-
	East Godavari	Un-Ginned	4100	4100	Unch
Karnataka	Bijapur	Bunny	5300	5279	21
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5100	5000	100
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	2-May-16	30-Apr-16	

Punjab	Bhatinda	J-34	3780	3780	Unch
	Abohar	J-34	3785	3780	5
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3680	3675	5
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	2-May-16	30-Apr-16	
Gujarat	Ahmedabad	Shankar-6	25500	25500	Unch
	Gondal	Shankar-6	1110	660	450
	Rajkot	B.T. Cotton	1025	1250	-225
	Patan	B.T. Cotton	1435	2060	-625
	Kadi	B.T. Cotton	20000	15000	5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	62	63	-1
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	400	600	-200
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	213	170	43
	Fatehabad	B.T. Cotton	NA	80	-
	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	1010	1200	-190
Maharashtra	Amravati	Mech-1	10000	10000	Unch
	Jamner	Medium Staple	50	46	4
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	690	810	-120

	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	412	285	127
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	2-May-16	30-Apr-16	
Punjab	Bhatinda	J-34	255	255	Unch
	Abohar	J-34	85	68	17
	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
				30-Apr-16	29-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	33800	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	34700	34700	Unch
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
		2-May-16	30-Apr-16	
Rajkot	Rs. /10 Kg.	655	655	Unch
New Delhi	Rs. /10 Kg.	650	650	Unch
Hyderabad	Rs. /10 Kg.	630	630	Unch
Mumbai	Rs. /10 Kg.	660	660	Unch

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

Centre	Unit	Price		Change
		2-May-16	30-Apr-16	
Mahesana (Kadi)	Rs./Qtl	2325	2304	21

Akola	Rs./Qtl	2338	2322	16
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INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 29-April-2016		
Index	RMB/Ton	Change
CCIndex(328)	12372	Unch
CCIndex(527)	11258	2
CCIndex(229)	12696	3
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 29-April-2016		
Index	Cents/lb	Change
FC Index (S)	75.12	-0.33
FC Index (M)	72.38	-0.16
FC Index (L)	69.76	-2.47

Cotlook Index: As on 29-April-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	71.25	-0.45

USDA Cotton Spot Rates: As on 29-April-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	64.27	67.52	466
North Delta	64.02	66.77	Nil
South Delta	64.02	66.77	Nil
East TX-OK	57.50	59.50	68
West Texas	57.50	59.25	370
Desert SW	60.52	66.52	Nil
SJ Valley	61.77	71.67	Nil
<p>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</p>			

ICE Cotton Futures (Prices in cents/lb.): As on 29-April-2016					
Contract	Open	High	Low	Close	Change
16-May	63.51	63.76	63.26	63.76	0.07
16-Jul	63.69	64.17	63.15	63.77	0.08
16-Oct	63.46	63.46	63.46	63.46	0.20
16-Dec	62.61	62.99	62.00	62.72	0.18
17-Mar	62.55	63.14	62.21	62.98	0.29
17-May	62.62	63.29	62.62	63.29	0.33

Pakistan Cotton Spot rates: As on 30-April-2016				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5650	135	5785
Equivalent	40 Kgs	6055	145	6200

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