

## Domestic Fundamentals:

**Market Outlook:** Cotton spot prices noticed range –bound to firm tone on Tuesday.

**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 USDA's Economic Research Service (ERS) is forecasting a decline in global ending stocks of cotton in 2015-16, around 9% lower from last year's record of nearly 112 million bales. The recent build-up of global stocks during last year was due to Chinese policies that protected its growers from declining world prices.

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.

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	+0.00	913	916.5	911.5	914	663	-1033	15826	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	May-16	May-17	
Spot	108		-
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 5.36 pm on 03 May- 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-16	+100.00	17600	17670	17570	17630	1361	-210	578960	86366
July-16	+160.00	17960	18060	17910	18050	380	30	148930	-34647
Sep-16	+150.00	17280	17280	17150	17180	18	-52	8154	-13122

Spread	Feb-16	Mar-16	Apr-16	May-16		
Spot	—			-	-	-
May-16		-420		-	-	-
July-16			870	-	-	-
Sep-16	—			-	-	-

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

\* Updated at 5.36 pm on 03 May 2016

**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	3-May-16	2-May-16	
Gujarat	Ahmedabad	Shankar-6	5100	5100	Unch
	Gondal	Shankar-6	5000	5045	-45
	Rajkot	B.T. Cotton	5110	5080	30
	Patan	B.T. Cotton	5180	5045	135
	Kadi	B.T. Cotton	5125	5200	-75
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5175	4770	405
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5200	5150	50
	Bhiwani	Desi	4800	4800	Unch
	Adampur	B.T. Cotton	5070	5010	60
	Fatehabad	B.T. Cotton	5060	4980	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	5000	5000	Unch
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5055	5065	-10
Maharashtra	Amravati	Mech-1	4950	4900	50
	Jamner	Medium Staple	NA	4855	-
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	4600	4500	100
	East Godavari	Un-Ginned	NA	4100	-
Karnataka	Bijapur	Bunny	5279	5300	-21
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5200	5100	100
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	3-May-16	2-May-16	
Punjab	Bhatinda	J-34	3800	3780	20

	Abohar	J-34	3800	3785	15
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3700	3680	20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	3-May-16	2-May-16	
Gujarat	Ahmedabad	Shankar-6	25500	25500	Unch
	Gondal	Shankar-6	1350	1110	240
	Rajkot	B.T. Cotton	1415	1025	390
	Patan	B.T. Cotton	2060	1435	625
	Kadi	B.T. Cotton	20000	20000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	71	62	9
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	400	400	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	213	213	Unch
	Fatehabad	B.T. Cotton	20	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	1070	1010	60
Maharashtra	Amravati	Mech-1	13000	10000	3000
	Jamner	Medium Staple	NA	50	-
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	890	690	200
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	562	412	150
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	3-May-16	2-May-16	
Punjab	Bhatinda	J-34	255	255	Unch
	Abohar	J-34	68	85	-17
	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
				2-May-16	30-Apr-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	32000	31900	100
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	32500	32400	100
J-34(202)	26mm	3.5 - 4.9	23	34300	34100	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	34000	33800	200
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
		3-May-16	2-May-16	
Rajkot	Rs. /10 Kg.	660	655	5
New Delhi	Rs. /10 Kg.	650	650	Unch
Hyderabad	Rs. /10 Kg.	640	630	10
Mumbai	Rs. /10 Kg.	655	660	-5

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

Centre	Unit	Price		Change
		3-May-16	2-May-16	
Mahesana (Kadi)	Rs./Qtl	2326	2325	1

Akola	Rs./Qtl	2328	2338	<b>-10</b>
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### INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 3-May-2016		
Index	RMB/Ton	Change
CCIndex(328)	12375	<b>3</b>
CCIndex(527)	11273	<b>15</b>
CCIndex(229)	12701	<b>5</b>
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 3-May-2016		
Index	Cents/lb	Change
FC Index (S)	75.74	<b>0.62</b>
FC Index (M)	73.13	<b>0.75</b>
FC Index (L)	7034	<b>0.58</b>

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

USDA Cotton Spot Rates: As on 2-May-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	64.87	68.12	<b>Nil</b>
North Delta	64.62	67.37	<b>Nil</b>
South Delta	64.62	67.37	<b>Nil</b>
East TX-OK	58.00	60.00	<b>77</b>
West Texas	58.00	59.75	<b>101</b>
Desert SW	61.12	67.12	<b>Nil</b>
SJ Valley	62.37	72.27	<b>Nil</b>

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 2-May-2016					
Contract	Open	High	Low	Close	Change
16-May	64.36	64.36	64.36	64.36	0.60
16-Jul	63.81	64.50	63.36	64.37	0.60
16-Oct	64.03	65.04	64.03	64.71	1.25
16-Dec	62.77	63.56	62.30	63.42	0.70
17-Mar	62.97	63.68	62.61	63.51	0.53
17-May	63.25	63.88	63.25	63.73	0.44

Pakistan Cotton Spot rates: As on 2-May-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

### Disclaimer

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