

## Domestic Fundamentals:

**Market Outlook:** Cotton spot prices noticed mixed tone 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 0.658 lakh bales of cotton last week (25 Apr -01 May 2016), which was 0.739 lakh bales previous to last week (18 -24 Apr 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (25 Apr -01 May, 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.358 lakh bales of cotton from India in the past week (25 Apr -01 May 2016). Other major importers were Pakistan, China, Vietnam and Indonesia and their imported volumes were 0.097 lakh bales, 0.084 lakh bales, 0.078 lakh bales and 0.007 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:

The Chinese government has started the auction of its huge reserves of cotton this month. Stocks of cotton are expected to decline amid decline in Chinese imports and falling domestic production. The ICAC forecast that a policy of government auctions, and import limitations, will lower Chinese cotton stocks by 7% in 2015-16, and a further 10% in 2016-17. The US Department of Agriculture has forecast China's cotton stocks to fall by 6% in 2015-16, to 13.9m tons.

In Q4 2015, global yarn production declined by nearly 26% quarter-on-quarter. Asian yarn output declined by 27% quarter-on-quarter and by 15% in North America. In Europe it rose by 15% and, in South America, output fell by 19%. Global yarn output grew by 11% in Q4 2015, versus Q4 2014. The annual percentage change of yarn output in Asia amounted to 12%.

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	-2.00	907	910	897.5	904	1044	381	15826	0
Con_2	-	-	-	-	-	-	-	-	-

  

Spread	May-16	May-17	
Spot	111		-
May-17		904	-

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

\*Updated at 7.03 pm on 05 May- 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-16	+140.00	17450	17610	17450	17600	1148	89	493532	-42858
July-16	+160.00	17870	18010	17870	18010	413	-109	186938	51367
Sep-16	+40.00	17280	17280	17150	17180	46	39	20691	17546

  

Spread	Feb-16	Mar-16	Apr-16	May-16	--	--
Spot	—			-	-	-
May-16		-410		-	-	-
July-16			830	-	-	-
Sep-16	—			-	-	-

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

\* Updated at 7.03 pm on 05 May 2016

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

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	5-May-16	4-May-16	
Gujarat	Ahmedabad	Shankar-6	5100	5000	100
	Gondal	Shankar-6	5070	5060	10
	Rajkot	B.T. Cotton	5075	5075	Unch
	Patan	B.T. Cotton	5000	5090	-90
	Kadi	B.T. Cotton	5100	5000	100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5110	5080	30
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5250	5200	50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5065	5070	-5
	Fatehabad	B.T. Cotton	5025	5050	-25
	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	4975	4950	25
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5110	5125	-15
Maharashtra	Amravati	Mech-1	4860	4900	-40
	Jamner	Medium Staple	NA	4842	-
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	5326	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	4277	-
	Raichur	H-44 Cotton	5275	5250	25
Commodity	Lint		Prices (Rs./Maund)		Change

State	Centre	Variety	5-May-16	4-May-16	
Punjab	Bhatinda	J-34	3800	3810	-10
	Abohar	J-34	3790	3810	-20
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3720	3720	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	5-May-16	4-May-16	
Gujarat	Ahmedabad	Shankar-6	22100	25500	-3400
	Gondal	Shankar-6	1356	1122	234
	Rajkot	B.T. Cotton	1820	1380	440
	Patan	B.T. Cotton	2370	2040	330
	Kadi	B.T. Cotton	20000	20000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	107	55	52
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	255	170	85
	Fatehabad	B.T. Cotton	25	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	740	920	-180
Maharashtra	Amravati	Mech-1	8000	8000	Unch
	Jamner	Medium Staple	NA	31	-
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	-

<b>Karnataka</b>	Bijapur	Bunny	1770	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	2	-
	Raichur	H-44 Cotton	442	615	-173
<b>Commodity</b>	<b>Lint</b>		<b>Arrivals (Quintal)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>5-May-16</b>	<b>4-May-16</b>	
<b>Punjab</b>	Bhatinda	J-34	255	255	Unch
	Abohar	J-34	51	85	-34
	Mansa	J-34	NA	NA	-
<b>Haryana</b>	Sirsa	J-34	102	102	Unch
<b>Rajasthan</b>	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
				4-May-16	3-May-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	32000	32000	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	32500	32500	Unch
J-34(202)	26mm	3.5 - 4.9	23	34300	34300	Unch
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	34100	34200	-100
Shankar-6(105)	29mm	3.5 – 4.9	28	34800	34900	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	37100	37200	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	38000	38100	-100
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
		5-May-16	4-May-16	
Rajkot	Rs. /10 Kg.	660	650	10
New Delhi	Rs. /10 Kg.	640	650	-10
Hyderabad	Rs. /10 Kg.	640	630	10
Mumbai	Rs. /10 Kg.	660	655	5

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

Centre	Unit	Price		Change
		5-May-16	4-May-16	

Mahesana (Kadi)	Rs./Qtl	2308	2310	-2
Akola	Rs./Qtl	2330	2320	10

### INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 5-May-2016		
Index	RMB/Ton	Change
CCIndex(328)	12412	21
CCIndex(527)	11347	35
CCIndex(229)	12750	22
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 5-May-2016		
Index	Cents/lb	Change
FC Index (S)	74.36	-0.40
FC Index (M)	71.55	-0.36
FC Index (L)	68.63	-0.07

Cotlook Index: As on 4-May-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	70.80	-1.20

USDA Cotton Spot Rates: As on 4-May-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	63.28	66.53	Nil
North Delta	63.03	65.78	Nil
South Delta	63.03	65.78	Nil
East TX-OK	57.00	59.00	Nil
West Texas	57.00	58.75	Nil
Desert SW	59.53	65.53	Nil
SJ Valley	60.78	70.68	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 4-May-2016**

Contract	Open	High	Low	Close	Change
<b>16-May</b>	62.50	62.50	62.17	62.17	<b>-0.88</b>
<b>16-Jul</b>	63.05	63.19	62.30	62.78	<b>-0.28</b>
<b>16-Oct</b>	62.64	63.06	62.64	62.83	<b>-0.47</b>
<b>16-Dec</b>	62.30	62.36	61.56	62.00	<b>-0.35</b>
<b>17-Mar</b>	62.15	62.57	61.87	62.34	<b>-0.23</b>
<b>17-May</b>	62.69	62.69	62.62	62.66	<b>-0.27</b>

**Pakistan Cotton Spot rates: As on 4-May-2016**
**(in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5550	135	5685
Equivalent	40 Kgs	5948	145	6093

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