

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed range –bound to weak tone on Friday.

In The News: Around two-third of the cotton crop had been damaged last year in Punjab amid whitefly attack. Farmers in Malwa are looking for different alternatives to cotton to grow this season. The government is trying to convince the farmers to give another try for cotton.

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.

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.

According to Cotton South Africa, cotton harvest in the country is likely to decline by around 50% this season as farmers are switching to more profitable crops such as corn. The nation will probably produce 48,262 bales of cotton in the 2015-16 season, including an estimated 600 bales from Swaziland, a tiny monarchy surrounded by South Africa.

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	-16.00	898	899	885	888	1390	346	15826	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	May-16	May-17	
Spot	125		-
May-17		888	-

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

*Updated at 5.06 pm on 06 May- 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-16	-140.00	17500	17510	17430	17460	982	166	407551	-85981
July-16	-160.00	17880	17910	17830	17850	390	23	174253	-12685
Sep-16	-250.00	17280	17280	17150	17180	80	34	21361	670

Spread	Feb-16	Mar-16	Apr-16	May-16	--	--
Spot	—			-	-	-
May-16		-390		-	-	-
July-16			670	-	-	-
Sep-16	—			-	-	-

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

* Updated at 5.06 pm on 06 May 2016

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	6-May-16	5-May-16	
Gujarat	Ahmedabad	Shankar-6	5100	5100	Unch
	Gondal	Shankar-6	5020	5070	-50
	Rajkot	B.T. Cotton	5065	5075	-10
	Patan	B.T. Cotton	5025	5000	25
	Kadi	B.T. Cotton	5100	5100	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5105	5110	-5
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5200	5250	-50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5025	5065	-40
	Fatehabad	B.T. Cotton	4980	5025	-45
	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	4975	Unch
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	5110	-
Maharashtra	Amravati	Mech-1	4975	4860	115
	Jamner	Medium Staple	4810	4800	10
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	NA	-
	East Godavari	Un-Ginned	4100	4100	Unch
Karnataka	Bijapur	Bunny	5306	5326	-20
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5275	-
Commodity	Lint		Prices (Rs./Maund)		Change

State	Centre	Variety	6-May-16	5-May-16	
Punjab	Bhatinda	J-34	3815	3800	15
	Abohar	J-34	3815	3790	25
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3725	3720	5
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	6-May-16	5-May-16	
Gujarat	Ahmedabad	Shankar-6	22100	22100	Unch
	Gondal	Shankar-6	1086	1356	-270
	Rajkot	B.T. Cotton	1330	1820	-490
	Patan	B.T. Cotton	1280	2370	-1090
	Kadi	B.T. Cotton	15000	20000	-5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	54	107	-53
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	300	600	-300
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	255	255	Unch
	Fatehabad	B.T. Cotton	15	25	-10
	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	NA	740	-
Maharashtra	Amravati	Mech-1	7000	8000	-1000
	Jamner	Medium Staple	22	25	-3
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	940	1770	-830
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	442	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	6-May-16	5-May-16	
Punjab	Bhatinda	J-34	213	255	-43
	Abohar	J-34	34	51	-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
				5-May-16	4-May-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	32200	32000	200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	32700	32500	200
J-34(202)	26mm	3.5 - 4.9	23	34500	34300	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	34100	34100	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	34800	34800	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	37100	37100	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	38000	38000	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
		6-May-16	5-May-16	
Rajkot	Rs. /10 Kg.	660	660	Unch
New Delhi	Rs. /10 Kg.	640	640	Unch
Hyderabad	Rs. /10 Kg.	640	640	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
		6-May-16	5-May-16	

Mahesana (Kadi)	Rs./Qtl	2299	2308	-9
Akola	Rs./Qtl	2329	2330	-1

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 6-May-2016		
Index	RMB/Ton	Change
CCIndex(328)	12465	53
CCIndex(527)	11399	52
CCIndex(229)	12810	60
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 6-May-2016		
Index	Cents/lb	Change
FC Index (S)	73.62	-0.74
FC Index (M)	70.80	-0.75
FC Index (L)	68.04	-0.59

Cotlook Index: As on 5-May-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	70.55	-0.25

USDA Cotton Spot Rates: As on 5-May-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	65.54	62.29	Nil
North Delta	64.79	62.04	Nil
South Delta	64.79	62.04	Nil
East TX-OK	58.50	56.50	322
West Texas	58.25	56.50	301
Desert SW	64.54	58.54	Nil
SJ Valley	69.69	59.79	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 5-May-2016					
Contract	Open	High	Low	Close	Change
16-May	62.50	62.50	61.63	61.63	-0.54
16-Jul	62.94	63.55	61.63	61.79	-0.99
16-Oct	61.83	61.83	61.83	61.83	-1.00
16-Dec	62.16	62.60	60.91	61.01	-0.99
17-Mar	62.40	62.77	61.41	61.41	-0.93
17-May	62.88	62.88	61.79	61.80	-0.86

Pakistan Cotton Spot rates: As on 5-May-2016				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5625	135	5760
Equivalent	40 Kgs	6028	145	6173

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2015 Indian Agribusiness Systems Pvt. Ltd.