

## Domestic Fundamentals:

**Market Outlook:** Cotton spot prices noticed mixed tone on Saturday.

**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	-	-	-	-	-	-	-	-	-
Con_2	-	-	-	-	-	-	-	-	-

  

Spread	May-16	May-17	
Spot	-	-	-
May-17	-	-	-

(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	-	-	-	-	-	-	-	-	-
July-16	-	-	-	-	-	-	-	-	-
Sep-16	-	-	-	-	-	-	-	-	-

  

Spread	Feb-16	Mar-16	Apr-16	May-16	--	--
Spot	—	-	-	-	-	-
May-16		-	-	-	-	-
July-16		-	-	-	-	-
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	7-May-16	6-May-16	
Gujarat	Ahmedabad	Shankar-6	5100	5100	Unch
	Gondal	Shankar-6	4990	5020	-30
	Rajkot	B.T. Cotton	5070	5065	5
	Patan	B.T. Cotton	5075	5025	50
	Kadi	B.T. Cotton	5200	5100	100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4995	5105	-110
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5200	5200	Unch
	Bhiwani	Desi	4800	NA	-
	Adampur	B.T. Cotton	5025	5025	Unch
	Fatehabad	B.T. Cotton	5050	4980	70
	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	4975	25
Madhya Pradesh	Khandwa	Mech-1	4700	NA	-
	Khargaon	Mech-1	5080	5100	-20
Maharashtra	Amravati	Mech-1	4900	4975	-75
	Jamner	Medium Staple	4827	4810	17
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	4600	-
	East Godavari	Un-Ginned	4100	4100	Unch
Karnataka	Bijapur	Bunny	5289	5306	-17
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5150	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change

State	Centre	Variety	7-May-16	6-May-16	
Punjab	Bhatinda	J-34	3815	3815	Unch
	Abohar	J-34	3800	3815	-15
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3620	3725	-105
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	7-May-16	6-May-16	
Gujarat	Ahmedabad	Shankar-6	22100	22100	Unch
	Gondal	Shankar-6	984	1086	-102
	Rajkot	B.T. Cotton	1160	1330	-170
	Patan	B.T. Cotton	1350	1280	70
	Kadi	B.T. Cotton	25000	15000	10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	48	54	-6
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	400	300	100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	170	255	-85
	Fatehabad	B.T. Cotton	10	15	-5
	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	50	NA	-
	Khargaon	Mech-1	600	690	-90
Maharashtra	Amravati	Mech-1	6000	7000	-1000
	Jamner	Medium Staple	18	22	-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	-

<b>Karnataka</b>	Bijapur	Bunny	960	940	<b>20</b>
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	255	NA	-
<b>Commodity</b>	<b>Lint</b>		<b>Arrivals (Quintal)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>7-May-16</b>	<b>6-May-16</b>	
<b>Punjab</b>	Bhatinda	J-34	255	212.5	<b>43</b>
	Abohar	J-34	17	34	<b>-17</b>
	Mansa	J-34	NA	NA	-
<b>Haryana</b>	Sirsa	J-34	85	85	<b>Unch</b>
<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
				6-May-16	5-May-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	32200	32200	<b>Unch</b>
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	32700	32700	<b>Unch</b>
J-34(202)	26mm	3.5 - 4.9	23	34500	34500	<b>Unch</b>
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	34100	34100	<b>Unch</b>
Shankar-6(105)	29mm	3.5 – 4.9	28	34800	34800	<b>Unch</b>
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	37100	37100	<b>Unch</b>
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	38000	38000	<b>Unch</b>
DCH-32(107)	34mm	3.0 - 3.8	33	49500	49500	<b>Unch</b>

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

Centre	Unit	Price		Change
		7-May-16	6-May-16	
Rajkot	Rs. /10 Kg.	666	660	<b>6</b>
New Delhi	Rs. /10 Kg.	640	640	<b>Unch</b>
Hyderabad	Rs. /10 Kg.	645	640	<b>5</b>
Mumbai	Rs. /10 Kg.	660	660	<b>Unch</b>

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

Centre	Unit	Price		Change
		7-May-16	6-May-16	

Mahesana (Kadi)	Rs./Qtl	2303	2299	4
Akola	Rs./Qtl	2314	2329	-15

### 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 6-May-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	69.65	-0.90

USDA Cotton Spot Rates: As on 6-May-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.33	65.58	1031
North Delta	62.08	64.83	Nil
South Delta	62.08	64.83	86
East TX-OK	56.75	58.75	88
West Texas	56.75	58.50	1307
Desert SW	58.58	64.58	100
SJ Valley	59.83	69.73	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 6-May-2016**

Contract	Open	High	Low	Close	Change
<b>16-May</b>	62.00	62.00	61.63	61.63	<b>Unch</b>
<b>16-Jul</b>	62.02	62.20	61.66	61.83	<b>0.04</b>
<b>16-Oct</b>	62.05	62.27	61.90	62.11	<b>0.28</b>
<b>16-Dec</b>	61.25	61.55	61.01	61.37	<b>0.36</b>
<b>17-Mar</b>	61.43	61.88	61.40	61.71	<b>0.30</b>
<b>17-May</b>	61.95	62.17	61.75	62.11	<b>0.31</b>

**Pakistan Cotton Spot rates: As on 6-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

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