

Domestic Fundamentals:

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

In The News: According to industry sources, India cotton exports are expected to decline by 10 per cent to 6 million bales in the current year ending September amid increase in domestic prices, which has made the fibre uncompetitive in the global market. India had exported 6.7 million bales (Of 150 kg each) in the 2014 - 15 marketing year. Till date in the current marketing year 2015 -16, India has exported around 5 million bales. Currently not much export is taking place as global prices are declining and domestic cotton prices are increasing.

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 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. As expected, prices have started declining recently with the unloading of stocks.

According to ICAC, world cotton production is expected to increase slightly limiting the reduction in world ending stocks in 2016/17. After contracting by 9% to 31.2 million hectares in 2015/16, world cotton is projected to expand by 1% to 31.4 million hectares as declining prices for competing crops in 2015/16 encourages farmers to return to cotton in 2016/17 despite low prices.

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	-9.00	80	880.5	869.5	872	1333	530	15826	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	May-16	May-17	
Spot	138		-
May-17		872	-

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

*Updated at 5.25 pm on 09 May- 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-16	-120	17300	17310	17160	17230	1420	121	611650	-53453
July-16	-120	17690	17700	17570	17620	324	57	142754	-6900
Sep-16	-60	17280	17280	17150	17180	66	-99	21076	-42681

Spread	Feb-16	Mar-16	Apr-16	May-16	--	--
Spot	—			-	-	-
May-16		-390		-	-	-
July-16			440	-	-	-
Sep-16	—	-	-	-	-	-

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

* Updated at 5.25 pm on 09 May 2016

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	10-May-16	9-May-16	
Gujarat	Ahmedabad	Shankar-6	5125	5125	Unch
	Gondal	Shankar-6	4960	4990	-30
	Rajkot	B.T. Cotton	5050	5085	-35
	Patan	B.T. Cotton	5030	Closed	-
	Kadi	B.T. Cotton	5100	5100	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5005	Closed	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5250	5200	50
	Bhiwani	Desi	4800	4800	Unch
	Adampur	B.T. Cotton	4980	4985	-5
	Fatehabad	B.T. Cotton	4960	5000	-40
	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	4950	5000	-50
Madhya Pradesh	Khandwa	Mech-1	4700	4600	100
	Khargaon	Mech-1	5080	4985	95
Maharashtra	Amravati	Mech-1	5000	4900	100
	Jamner	Medium Staple	NA	Closed	-
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	4200	-
	East Godavari	Un-Ginned	NA	4100	-
Karnataka	Bijapur	Bunny	NA	5299	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5250	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change

State	Centre	Variety	10-May-16	9-May-16	
Punjab	Bhatinda	J-34	3800	3815	-15
	Abohar	J-34	3800	3790	10
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3700	3720	-20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	10-May-16	9-May-16	
Gujarat	Ahmedabad	Shankar-6	20400	20400	Unch
	Gondal	Shankar-6	1080	975	105
	Rajkot	B.T. Cotton	1315	1245	70
	Patan	B.T. Cotton	1933	Closed	-
	Kadi	B.T. Cotton	15000	12500	2500
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	64	Closed	-
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	170	213	-43
	Fatehabad	B.T. Cotton	20	25	-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	50	Unch
	Khargaon	Mech-1	600	600	Unch
Maharashtra	Amravati	Mech-1	4500	5000	-500
	Jamner	Medium Staple	NA	Closed	-
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	NA	370	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	345	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	10-May-16	9-May-16	
Punjab	Bhatinda	J-34	170	170	Unch
	Abohar	J-34	NA	NA	-
	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
				9-May-16	7-May-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	32200	32200	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	32700	32700	Unch
J-34(202)	26mm	3.5 - 4.9	23	34500	34500	Unch
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
		10-May-16	9-May-16	
Rajkot	Rs. /10 Kg.	665	665	Unch
New Delhi	Rs. /10 Kg.	640	640	Unch
Hyderabad	Rs. /10 Kg.	660	645	15
Mumbai	Rs. /10 Kg.	664	657	7

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

Centre	Unit	Price		Change
		10-May-16	9-May-16	

Mahesana (Kadi)	Rs./Qtl	2240	2311	-71
Akola	Rs./Qtl	2286	2263	23

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 10-May-2016		
Index	RMB/Ton	Change
CCIndex(328)	12478	2
CCIndex(527)	11408	6
CCIndex(229)	12826	8
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 10-May-2016		
Index	Cents/lb	Change
FC Index (S)	73.28	-0.44
FC Index (M)	70.34	-0.50
FC Index (L)	67.65	-0.45

Cotlook Index: As on 9-May-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	69.75	0.10

USDA Cotton Spot Rates: As on 9-May-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	61.83	65.08	Nill
North Delta	61.58	64.33	Nill
South Delta	61.58	64.33	Nill
East TX-OK	56.75	58.75	440
West Texas	56.75	58.50	1011
Desert SW	58.08	64.08	Nill
SJ Valley	59.33	69.23	Nill

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 9-May-2016

Contract	Open	High	Low	Close	Change
16-May	62.00	62.00	61.63	61.63	Unch
16-Jul	61.81	62.06	61.18	61.33	-0.50
16-Oct	61.60	61.64	61.36	61.64	-0.47
16-Dec	61.37	61.55	60.75	61.04	-0.33
17-Mar	61.72	61.72	61.15	61.42	-0.29
17-May	61.75	62.00	61.75	61.88	-0.23

Pakistan Cotton Spot rates: As on 9-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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