

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed range –bound movement on Wednesday.

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 0.561 lakh bales of cotton last week (02 -08 May 2016), which was 0.658 lakh bales previous to last week (25 Apr -01 May 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (02 -08 May, 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.193 lakh bales of cotton from India in the past week (02 -08, May 2016). Other major importers were Pakistan, Vietnam, China and Indonesia and their imported volumes were 0.154 lakh bales, 0.108 lakh bales, 0.064 lakh bales and 0.011 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.

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	870	878	865.5	874	727	-606	15826	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	May-16	May-17	
Spot	136		-
May-17		874	-

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

*Updated at 5.45 pm on 11 May- 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-16	-80	17230	17230	17110	17150	599	821	235906	-375744
July-16	-60	17600	17620	17510	17560	84	240	20650	-122104
Sep-16	-70	17280	17280	17150	17180	15	-51	6595	-14481

Spread	Feb-16	Mar-16	Apr-16	May-16	--	--
Spot	—			-	-	-
May-16		-410		-	-	-
July-16			380	-	-	-
Sep-16	—	-	-	-	-	-

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

* Updated at 5.45 pm on 11 May 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	11-May-16	10-May-16	
Gujarat	Ahmedabad	Shankar-6	5250	5125	125
	Gondal	Shankar-6	4970	4960	10
	Rajkot	B.T. Cotton	5045	5050	-5
	Patan	B.T. Cotton	5040	5030	10
	Kadi	B.T. Cotton	5100	5100	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4910	5005	-95
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5150	5250	-100
	Bhiwani	Desi	5000	4800	200
	Adampur	B.T. Cotton	4980	4980	Unch
	Fatehabad	B.T. Cotton	4950	4960	-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	5000	4950	50
Madhya Pradesh	Khandwa	Mech-1	NA	4700	-
	Khargaon	Mech-1	5000	5080	-80
Maharashtra	Amravati	Mech-1	4900	5000	-100
	Jamner	Medium Staple	NA	4800	-
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	5329	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5250	5250	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	11-May-16	10-May-16	
Punjab	Bhatinda	J-34	3800	3800	Unch

	Abohar	J-34	3800	3800	Unch
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3695	3700	-5
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	11-May-16	10-May-16	
Gujarat	Ahmedabad	Shankar-6	20400	20400	Unch
	Gondal	Shankar-6	1215	1080	135
	Rajkot	B.T. Cotton	1470	1315	155
	Patan	B.T. Cotton	1412	1933	-521
	Kadi	B.T. Cotton	30000	15000	15000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	57	64	-7
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	200	400	-200
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	213	170	43
	Fatehabad	B.T. Cotton	10	20	-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	50	-
	Khargaon	Mech-1	420	600	-180
Maharashtra	Amravati	Mech-1	6000	4500	1500
	Jamner	Medium Staple	NA	20	-
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	1380	NA	-
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	360	345	15
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	11-May-16	10-May-16	
Punjab	Bhatinda	J-34	170	170	Unch
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	170	85	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
				10-May-16	9-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	34400	34500	-100
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
		11-May-16	10-May-16	
Rajkot	Rs. /10 Kg.	660	665	-5
New Delhi	Rs. /10 Kg.	640	640	Unch
Hyderabad	Rs. /10 Kg.	670	660	10
Mumbai	Rs. /10 Kg.	664	664	Unch

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

Centre	Unit	Price		Change
		11-May-16	10-May-16	
Mahesana (Kadi)	Rs./Qtl	2239	2240	-1

Akola	Rs./Qtl	2283	2286	-3
-------	---------	------	------	----

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 11-May-2016		
Index	RMB/Ton	Change
CCIndex(328)	12487	9
CCIndex(527)	11410	2
CCIndex(229)	12831	5
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 11-May-2016		
Index	Cents/lb	Change
FC Index (S)	72.88	-0.40
FC Index (M)	69.97	-0.37
FC Index (L)	67.21	-0.44

Cotlook Index: As on 10-May-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	69.40	-0.35

USDA Cotton Spot Rates: As on 10-May-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	61.40	64.65	Nil
North Delta	61.15	63.90	Nil
South Delta	61.15	63.90	Nil
East TX-OK	56.75	58.75	104
West Texas	56.75	58.50	47
Desert SW	57.65	63.65	Nil
SJ Valley	58.90	68.80	Nil
<p>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</p>			

ICE Cotton Futures (Prices in cents/lb.): As on 10-May-2016					
Contract	Open	High	Low	Close	Change
Jul-16	61.54	61.97	60.60	60.90	-0.43
Oct-16	62.05	62.05	61.26	61.48	-0.16
Dec-16	61.19	61.68	60.54	60.91	-0.13
Mar-16	61.62	61.98	61.01	61.37	-0.05
May-16	62.08	62.22	61.39	61.78	-0.10
Jul-16	62.64	62.64	62.16	62.16	-0.06

Pakistan Cotton Spot rates: As on 10-May-2016				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5600	135	5735
Equivalent	40 Kgs	6002	145	6147

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.