

Domestic Fundamentals:

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

In The News: Desi cotton is gaining importance in the country and is likely to make a comeback this year. Last year cotton production was affected in several states following Bt Cotton and this year farmers are preferring to plant the native varieties in the upcoming kharif season. Total acreage under cotton is likely to remain unchanged this year at 118.18 lakh hectares compared to previous year according to industry sources.

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.

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.

Pakistan is spending \$4 billion a year on cotton imports to support its ailing textile industry, after erratic rainfall and drought in the country's cotton fields slammed growers and the country's economy according to industry officials. Bad weather has hurt both the quality and quantity of cotton harvested, leaving the country's textile producers – who account for almost nine percent of GDP – struggling as they face lack of supply and higher prices for imports.

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 102.84 million bales. For India, production is forecast at 26.8 million bales, same as previous month's estimates and India's crop is estimated 9 per cent below 2014/15 and the lowest since 2009/10.

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	-1.50	873	874	866.5	871.50	779	729	15826	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	May-16	May-17	
Spot	138.5		-
May-17		871.5	-

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

*Updated at 5.37 pm on 13 May- 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-16	-50	17110	17150	17040	17110	869	-38	364704	8858
July-16	-60	17480	17540	17460	17510	131	78	57221	-34443
Sep-16	-	-	-	-	-	-	-	-	-

Spread	Feb-16	Mar-16	Apr-16	May-16	--	--
Spot	—			-	-	-
May-16		-400		-	-	-
July-16			330	-	-	-
Sep-16	—	-	-	-	-	-

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

* Updated at 5.37 pm on 13 May 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	13-May-16	12-May-16	
Gujarat	Ahmedabad	Shankar-6	5050	5250	-200
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	5050	5050	Unch
	Patan	B.T. Cotton	5055	5065	-10
	Kadi	B.T. Cotton	5200	5100	100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5025	4940	85
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5125	5125	Unch
	Bhiwani	Desi	5000	5000	Unch
	Adampur	B.T. Cotton	4975	4980	-5
	Fatehabad	B.T. Cotton	4975	4960	15
	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	4900	50
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5035	5040	-5
Maharashtra	Amravati	Mech-1	5100	4950	150
	Jamner	Medium Staple	NA	4840	-
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	4700	-
	East Godavari	Un-Ginned	4100	4100	Unch
Karnataka	Bijapur	Bunny	5269	5269	Unch
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5300	5321	-21
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	13-May-16	12-May-16	

Punjab	Bhatinda	J-34	3750	3800	-50
	Abohar	J-34	3780	3790	-10
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3695	3695	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	13-May-16	12-May-16	
Gujarat	Ahmedabad	Shankar-6	23800	20400	3400
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	1450	1450	Unch
	Patan	B.T. Cotton	1075	1061	14
	Kadi	B.T. Cotton	12500	15000	-2500
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	93	27	66
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	35	40	-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	NA	NA	-
	Khargaon	Mech-1	600	830	-230
Maharashtra	Amravati	Mech-1	3000	6000	-3000
	Jamner	Medium Staple	NA	15	-
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	1100	1290	-190

	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	390	367	23
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	13-May-16	12-May-16	
Punjab	Bhatinda	J-34	85	170	-85
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	85	85	Unch
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
				12-May-16	11-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	34400	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	34700	100
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
		13-May-16	12-May-16	
Rajkot	Rs. /10 Kg.	660	660	Unch
New Delhi	Rs. /10 Kg.	645	640	5
Hyderabad	Rs. /10 Kg.	670	670	Unch
Mumbai	Rs. /10 Kg.	670	670	Unch

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

Centre	Unit	Price		Change
		13-May-16	12-May-16	

Mahesana (Kadi)	Rs./Qtl	2261	2239	22
Akola	Rs./Qtl	2293	2290	3

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 13-May-2016		
Index	RMB/Ton	Change
CCIndex(328)	12523	Unch
CCIndex(527)	11461	2
CCIndex(229)	12852	-1
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 12-May-2016		
Index	Cents/lb	Change
FC Index (S)	72.66	-0.22
FC Index (M)	69.72	-0.25
FC Index (L)	66.98	-0.23

Cotlook Index: As on 12-May-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	69.80	0.70

USDA Cotton Spot Rates: As on 12-May-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	61.23	64.48	Nil
North Delta	60.98	63.73	Nil
South Delta	60.98	63.73	Nil
East TX-OK	57.25	59.25	1956
West Texas	57.25	59.00	Nil
Desert SW	57.48	63.48	Nil
SJ Valley	58.73	68.63	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 12-May-2016

Contract	Open	High	Low	Close	Change
Jul-16	60.65	61.37	60.55	60.73	0.13
Oct-16	61.07	61.07	61.07	61.07	-0.04
Dec-16	60.66	61.27	60.31	60.57	-0.01
Mar-16	61.09	61.51	60.67	60.93	0.05
May-16	61.74	61.74	61.08	61.36	0.06
Jul-16	62.02	62.02	61.50	61.78	0.11

Pakistan Cotton Spot rates: As on 12-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

Disclaimer

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