

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed range –bound to firm tone on Saturday.

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	-	-	-	-	-	-	-	-	-
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 5.37 pm on 13 May- 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-16	-	-	-	-	-	-	-	-	-
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 5.37 pm on 13 May 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	14-May-16	13-May-16	
Gujarat	Ahmedabad	Shankar-6	5050	5050	Unch
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	5080	5050	30
	Patan	B.T. Cotton	5070	5055	15
	Kadi	B.T. Cotton	5150	5200	-50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4760	5025	-265
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5130	5125	5
	Bhiwani	Desi	5000	5000	Unch
	Adampur	B.T. Cotton	5025	4975	50
	Fatehabad	B.T. Cotton	5000	4975	25
	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	4950	Unch
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5040	5035	5
Maharashtra	Amravati	Mech-1	5100	5100	Unch
	Jamner	Medium Staple	4810	NA	-
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	4500	NA	-
	East Godavari	Un-Ginned	4100	4100	Unch
Karnataka	Bijapur	Bunny	NA	5269	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5250	5300	-50
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	14-May-16	13-May-16	

Punjab	Bhatinda	J-34	3755	3750	5
	Abohar	J-34	3770	3780	-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	14-May-16	13-May-16	
Gujarat	Ahmedabad	Shankar-6	22100	23800	-1700
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	960	1450	-490
	Patan	B.T. Cotton	1477	1075	402
	Kadi	B.T. Cotton	12500	12500	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	47	93	-46
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	600	400	200
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	170	170	Unch
	Fatehabad	B.T. Cotton	10	35	-25
	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	530	600	-70
Maharashtra	Amravati	Mech-1	2500	3000	-500
	Jamner	Medium Staple	10	NA	-
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	1100	-

	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	435	390	45
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	14-May-16	13-May-16	
Punjab	Bhatinda	J-34	85	85	Unch
	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
				13-May-16	12-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	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
		14-May-16	13-May-16	
Rajkot	Rs. /10 Kg.	660	660	Unch
New Delhi	Rs. /10 Kg.	645	645	Unch
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
		14-May-16	13-May-16	

Mahesana (Kadi)	Rs./Qtl	2263	2261	2
Akola	Rs./Qtl	2296	2293	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 13-May-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	69.80	Unch

USDA Cotton Spot Rates: As on 13-May-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	61.00	64.37	429
North Delta	60.87	63.62	Nil
South Delta	60.87	63.62	Nil
East TX-OK	57.50	59.50	322
West Texas	57.50	59.25	675
Desert SW	57.37	63.37	Nil
SJ Valley	58.62	68.52	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 13-May-2016					
Contract	Open	High	Low	Close	Change
Jul-16	60.66	61.04	60.25	60.62	-0.11
Oct-16	60.86	61.32	60.86	61.32	0.25
Dec-16	60.70	60.93	60.10	60.51	-0.06
Mar-16	61.01	61.25	60.51	60.89	-0.04
May-16	61.43	61.43	61.33	61.33	-0.03
Jul-16	61.80	61.80	61.74	61.74	-0.04

Pakistan Cotton Spot rates: As on 13-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

Disclaimer

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