

## Domestic Fundamentals:

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

**In The News:** In Punjab, cotton sowing till date has been done in 2.08 lakh hectares as against the target of 5 lakh hectares. In Haryana, sowing is 65 per cent of the total targeted area of 6.20 lakh hectares. According to officials, farmers have shifted to other crops like paddy and pulses following crop loss last year to white fly attack and non-availability of canal water. According to farmers, acreage under cotton in Punjab is likely to reach 3.30 lakh hectares and in Haryana, it is likely to touch 5.50 lakh hectares.

Karnataka Rajya Raitha Sangha (KRSS) has asked the farmers not to cultivate cotton in the upcoming kharif season following 80 per cent of the destruction of the crop last season due to bollworm attack in the State.

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 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 0.718 lakh bales of cotton last week (09 -15 May 2016), which was 0.561 lakh bales previous to last week (02 -08 May 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (09 -15 May, 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.370 lakh bales of cotton from India in the past week (09 -15, May 2016). Other major importers were Pakistan, China, Vietnam and Indonesia and their imported volumes were 0.115 lakh bales, 0.084 lakh bales, 0.041 lakh bales and 0.003 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.

In US, around 16 per cent of cotton planting is complete till date compared to 10 per cent previous week and 15 per cent during the same period previous year.

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	+5.50	893	895.5	885	890.50	794	88	15826	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	May-16	May-17	
Spot	133.5		-
May-17		890.5	-

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

\*Updated at 5.28 pm on 18 May- 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-16	+110	17450	17450	17300	17370	929	275	403024	-118393
July-16	+70	17810	17810	17690	17750	143	302	63412	-129129
Sep-16	-30	17280	17280	17150	17180	151	47	64257	17983

Spread	Feb-16	Mar-16	Apr-16	May-16	--	--
Spot	---			-	-	-
May-16		-380		-	-	-
July-16			570	-	-	-
Sep-16	-	-	-	-	-	-

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

\* Updated at 5.28 pm on 18 May 2016

**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	18-May-16	17-May-16	
Gujarat	Ahmedabad	Shankar-6	5100	5050	50
	Gondal	Shankar-6	5095	5010	85
	Rajkot	B.T. Cotton	5120	5085	35
	Patan	B.T. Cotton	5055	5055	Unch
	Kadi	B.T. Cotton	5150	5200	-50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5030	5100	-70
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5100	5100	Unch
	Bhiwani	Desi	5000	5000	Unch
	Adampur	B.T. Cotton	5100	5050	50
	Fatehabad	B.T. Cotton	5070	5025	45
	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	4900	4950	-50
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	5100	5050	50
	Jamner	Medium Staple	4860	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4200	4300	-100
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4100	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5200	5150	50
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	18-May-16	17-May-16	

<b>Punjab</b>	Bhatinda	J-34	3800	3800	Unch
	Abohar	J-34	3810	3800	10
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
<b>Haryana</b>	Sirsa	J-34	3730	3710	20
<b>Rajasthan</b>	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
	Centre	Variety	18-May-16	17-May-16	
<b>Gujarat</b>	Ahmedabad	Shankar-6	20400	20400	Unch
	Gondal	Shankar-6	1070	852	218
	Rajkot	B.T. Cotton	1230	1010	220
	Patan	B.T. Cotton	795	790	5
	Kadi	B.T. Cotton	12500	12500	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	56	102	-46
<b>Punjab</b>	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
<b>Haryana</b>	Bhiwani	B.T. Cotton	300	400	-100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	255	170	85
	Fatehabad	B.T. Cotton	100	100	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
<b>Rajasthan</b>	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
<b>Madhya Pradesh</b>	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	NR	NR	-
<b>Maharashtra</b>	Amravati	Mech-1	3000	2500	500
	Jamner	Medium Staple	26	NA	-
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
<b>Telangana</b>	Adilabad	Un-Ginned	NA	NA	-
<b>Andhra Pradesh</b>	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	NA	NA	-

	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	315	247	68
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	18-May-16	17-May-16	
Punjab	Bhatinda	J-34	NA	NA	-
	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
				18-May-16	17-May-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	31900	32200	-300
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	32400	32700	-300
J-34(202)	26mm	3.5 - 4.9	23	34500	34400	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	34500	34300	200
Shankar-6(105)	29mm	3.5 - 4.9	28	35000	34900	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	37300	37300	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
		18-May-16	17-May-16	
Rajkot	Rs. /10 Kg.	625	660	-35
New Delhi	Rs. /10 Kg.	645	645	Unch
Hyderabad	Rs. /10 Kg.	640	660	-20
Mumbai	Rs. /10 Kg.	655	655	Unch

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

Centre	Unit	Price		Change
		18-May-16	17-May-16	

Mahesana (Kadi)	Rs./Qtl	2292	2291	1
Akola	Rs./Qtl	2313	2304	9

### INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 18-May-2016		
Index	RMB/Ton	Change
CCIndex(328)	12519	8
CCIndex(527)	11503	46
CCIndex(229)	12858	10
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 18-May-2016		
Index	Cents/lb	Change
FC Index (S)	73.35	1.08
FC Index (M)	70.63	1.27
FC Index (L)	68.14	1.56

Cotlook Index: As on 17-May-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	69.15	0.35

USDA Cotton Spot Rates: As on 17-May-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.70	65.95	527
North Delta	62.45	65.20	NIL
South Delta	62.45	65.20	NIL
East TX-OK	58.50	60.50	307
West Texas	58.50	60.25	798
Desert SW	58.95	64.95	NIL
SJ Valley	60.20	70.10	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 17-May-2016**

Contract	Open	High	Low	Close	Change
Jul-16	61.00	62.50	61.00	62.20	1.21
Oct-16	61.53	62.55	61.53	62.39	1.15
Dec-16	60.50	61.72	60.50	61.57	1.09
Mar-16	60.90	61.95	60.90	61.84	1.02
May-16	61.47	62.42	61.46	62.27	1.05
Jul-16	61.85	62.67	61.84	62.67	1.04

**Pakistan Cotton Spot rates: As on 17-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

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