

Domestic Fundamentals:

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

In The News: Last year, production of cotton had been affected in various states following whitefly and pink bollworm attack from Bt. Cotton. The Agriculture Department has begun sanitising cotton fields. Bt Cotton residue is being burnt on the field to ensure that eggs and larvae of the pest are destroyed before the planting of the next kharif season.

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.

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.

The Senate's Standing Committee on National Food Security and Research (NFSR) in Pakistan has asked to immediately stop the import of cotton lint from India via Wagah border as it is detrimental to the interest of the cotton growers in the country.

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	+0.50	881	888.5	881	888	486	-33	15826	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	May-16	May-17	
Spot	136		-
May-17		888	-

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

*Updated at 6.42 pm on 20 May- 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-16	-40	17320	17340	17270	17330	710	84	307431	-36218
July-16	-20	17670	17730	17660	17730	54	137	19475	-68472
Sep-16	-50	17280	17280	17150	17180	1	-83	443	-20687

Spread	Feb-16	Mar-16	Apr-16	May-16	--	--
Spot	---			-	-	-
May-16		-400		-	-	-
July-16			550	-	-	-
Sep-16	-	-	-	-	-	-

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

* Updated at 6.42 pm on 20 May 2016

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	20-May-16	19-May-16	
Gujarat	Ahmedabad	Shankar-6	5100	5100	Unch
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	5120	5120	Unch
	Patan	B.T. Cotton	5055	5100	-45
	Kadi	B.T. Cotton	5150	5100	50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5100	4980	120
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	NR	5050	-
	Fatehabad	B.T. Cotton	5000	5050	-50
	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	5200	NA	-
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	5050	5000	50
	Jamner	Medium Staple	4840	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	NR	-
	Hathras	Desi	NR	NR	-
Telangana	Adilabad	Un-Ginned	4300	4300	Unch
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	4500	-
	East Godavari	Un-Ginned	NA	4100	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5200	5200	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	20-May-16	19-May-16	

Punjab	Bhatinda	J-34	NR	3810	-
	Abohar	J-34	3810	3815	-5
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3720	3725	-5
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
	Centre	Variety	20-May-16	19-May-16	
Gujarat	Ahmedabad	Shankar-6	20400	20400	Unch
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	860	880	-20
	Patan	B.T. Cotton	930	702	228
	Kadi	B.T. Cotton	12500	15000	-2500
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	52	54	-2
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	NR	340	-
	Fatehabad	B.T. Cotton	NA	NA	-
	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	NR	NR	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	1500	2000	-500
	Jamner	Medium Staple	91	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	NR	-
	Hathras	Desi	NR	NR	-
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	NA	-

	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	75	210	-135
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	20-May-16	19-May-16	
Punjab	Bhatinda	J-34	NR	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
				19-May-16	18-May-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	31900	31900	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	32400	32400	Unch
J-34(202)	26mm	3.5 - 4.9	23	34700	34600	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	34800	34600	200
Shankar-6(105)	29mm	3.5 - 4.9	28	35300	35200	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	37400	37300	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	38000	38000	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	50000	49500	500

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

Centre	Unit	Price		Change
		20-May-16	19-May-16	
Rajkot	Rs. /10 Kg.	655	655	Unch
New Delhi	Rs. /10 Kg.	645	645	Unch
Hyderabad	Rs. /10 Kg.	640	640	Unch
Mumbai	Rs. /10 Kg.	650	650	Unch

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

Centre	Unit	Price		Change
		20-May-16	19-May-16	

Mahesana (Kadi)	Rs./Qtl	2272	2282	-10
Akola	Rs./Qtl	2304	2300	4

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 20-May-2016		
Index	RMB/Ton	Change
CCIndex(328)	12530	9
CCIndex(527)	11520	17
CCIndex(229)	12869	2
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 20-May-2016		
Index	Cents/lb	Change
FC Index (S)	72.76	-0.78
FC Index (M)	70.01	-0.86
FC Index (L)	67.54	-0.89

Cotlook Index: As on 19-May-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	70.20	-0.20

USDA Cotton Spot Rates: As on 18-May-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	61.57	64.82	1718
North Delta	61.32	64.07	NIL
South Delta	61.32	64.07	NIL
East TX-OK	57.50	59.50	NIL
West Texas	57.50	59.25	NIL
Desert SW	57.82	63.82	NIL
SJ Valley	59.07	68.97	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 19-May-2016					
Contract	Open	High	Low	Close	Change
Jul-16	62.10	62.15	60.60	61.07	-0.98
Oct-16	62.36	62.36	61.40	61.75	-0.79
Dec-16	61.85	61.85	60.42	60.86	-0.89
Mar-16	61.76	62.02	60.78	61.23	-0.88
May-16	62.17	62.17	61.31	61.67	-0.87
Jul-16	62.54	62.54	61.73	62.07	-0.88

Pakistan Cotton Spot rates: As on 19-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

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.