

Domestic Fundamentals:

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

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	-	-	-	-	-	-	-	-	-
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 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	-	-	-	-	-	-	-	-	-
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 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	21-May-16	20-May-16	
Gujarat	Ahmedabad	Shankar-6	5100	5100	Unch
	Gondal	Shankar-6	5070	NR	-
	Rajkot	B.T. Cotton	5160	5120	40
	Patan	B.T. Cotton	5105	5055	50
	Kadi	B.T. Cotton	5200	5150	50
	Deesa	B.T. Cotton	Closed	NA	-
	Dhrol	B.T. Cotton	5105	5100	5
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5100	5125	-25
	Bhiwani	Desi	5000	5000	Unch
	Adampur	B.T. Cotton	NR	NR	-
	Fatehabad	B.T. Cotton	4970	5000	-30
	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	5200	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	NR	-
	Khargaon	Mech-1	Closed	NR	-
Maharashtra	Amravati	Mech-1	5050	5050	Unch
	Jamner	Medium Staple	NA	4840	-
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	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	5200	5200	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	21-May-16	20-May-16	

Punjab	Bhatinda	J-34	3815	NR	-
	Abohar	J-34	3825	3810	15
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3720	3720	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
	Centre	Variety	21-May-16	20-May-16	
Gujarat	Ahmedabad	Shankar-6	20400	20400	Unch
	Gondal	Shankar-6	1218	NR	-
	Rajkot	B.T. Cotton	570	860	-290
	Patan	B.T. Cotton	570	930	-360
	Kadi	B.T. Cotton	10000	12500	-2500
	Deesa	B.T. Cotton	Closed	NA	-
	Dhrol	B.T. Cotton	46	52	-6
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	400	600	-200
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NR	NR	-
	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	Closed	NR	-
	Khargaon	Mech-1	Closed	NR	-
Maharashtra	Amravati	Mech-1	1500	1500	Unch
	Jamner	Medium Staple	NA	91	-
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	157	75	82
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	21-May-16	20-May-16	
Punjab	Bhatinda	J-34	NA	NR	-
	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
				20-May-16	19-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	34700	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	34800	34800	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	35300	35300	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	37400	37400	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	38000	38000	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	50000	50000	Unch

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

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

Mahesana (Kadi)	Rs./Qtl	2268	2272	-4
Akola	Rs./Qtl	2293	2304	-11

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 20-May-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	69.35	-0.85

USDA Cotton Spot Rates: As on 19-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 20-May-2016					
Contract	Open	High	Low	Close	Change
Jul-16	61.22	62.07	61.07	61.67	0.60
Oct-16	62.13	62.23	62.11	62.11	0.36
Dec-16	60.86	61.59	60.83	61.33	0.47
Mar-16	61.28	61.83	61.20	61.60	0.37
May-16	61.81	62.19	61.81	62.01	0.34
Jul-16	62.18	62.38	62.18	62.38	0.31

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

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