

Domestic Fundamentals:

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

In The News: India has tightened rules for the sale of genetically-modified seeds in the country according to government sources. It will cap royalties for any new variety that U.S. based Monsanto decides to develop and sell in the market.

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 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.

According to an industry website, China's cotton imports declined 56.4 per cent in April 2016 compared to the same period previous year.

Cotton gins are declining as Arkansas farmers abandon cotton for more profitable crops. The number of gins in the state has declined from 86 to 26 in the past 15 years according to the Arkansas Democrat-Gazette.

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	+10.00	888.00	899.50	885.00	898	1564	364704	486	15826
Con_2	-	-	-	-	-	-	-	-	-

Spread	May-16	May-17	
Spot	147		-
May-17		898	-

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

*Updated at 5.42 pm on 23 May- 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-16	90	17340	17440	17340	17420	1210	-500	526418	218987
July-16	90	17740	17840	17740	17820	255	-201	106790	87315
Sep-16	40	17280	17280	17150	17180	1	0	443	0

Spread	Feb-16	Mar-16	Apr-16	May-16	--	--
Spot	—			-	-	-
May-16		-400		-	-	-
July-16			640	-	-	-
Sep-16	—			-	-	-

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

* Updated at 5.42 pm on 23 May 2016

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	23-May-16	21-May-16	
Gujarat	Ahmedabad	Shankar-6	5125	5100	25
	Gondal	Shankar-6	5050	5070	-20
	Rajkot	B.T. Cotton	5225	5160	65
	Patan	B.T. Cotton	4975	5105	-130
	Kadi	B.T. Cotton	5200	5200	Unch
	Deesa	B.T. Cotton	NA	Closed	-
	Dhrol	B.T. Cotton	NA	5105	-
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	NR	NR	-
	Fatehabad	B.T. Cotton	5000	4970	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	4900	5200	-300
Madhya Pradesh	Khandwa	Mech-1	NA	Closed	-
	Khargaon	Mech-1	NA	Closed	-
Maharashtra	Amravati	Mech-1	5050	5050	Unch
	Jamner	Medium Staple	NA	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	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	5300	5200	100
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	23-May-16	21-May-16	

Punjab	Bhatinda	J-34	3830	3815	15
	Abohar	J-34	3840	3825	15
	Mansa	J-34	3800	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3750	3740	10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	23-May-16	21-May-16	
Gujarat	Ahmedabad	Shankar-6	17000	20400	-3400
	Gondal	Shankar-6	529	1218	-689
	Rajkot	B.T. Cotton	1000	570	430
	Patan	B.T. Cotton	440	570	-130
	Kadi	B.T. Cotton	12500	10000	2500
	Deesa	B.T. Cotton	NA	Closed	-
	Dhrol	B.T. Cotton	NA	46	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	500	400	100
	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	NA	Closed	-
	Khargaon	Mech-1	NA	Closed	-
Maharashtra	Amravati	Mech-1	2000	1500	500
	Jamner	Medium Staple	NA	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	217	157	60
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	23-May-16	21-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
				21-May-16	20-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	34800	34700	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	34900	34800	100
Shankar-6(105)	29mm	3.5 - 4.9	28	35400	35300	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	37500	37400	100
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
		23-May-16	21-May-16	
Rajkot	Rs. /10 Kg.	650	655	-10
New Delhi	Rs. /10 Kg.	640	645	-5
Hyderabad	Rs. /10 Kg.	630	640	-10
Mumbai	Rs. /10 Kg.	640	650	-10

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

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

Mahesana (Kadi)	Rs./Qtl	2271	2268	3
Akola	Rs./Qtl	2300	2293	7

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 23-May-2016		
Index	RMB/Ton	Change
CCIndex(328)	12536	6
CCIndex(527)	11542	22
CCIndex(229)	12875	6
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 20-May-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.17	65.42	2280
North Delta	61.92	64.67	NIL
South Delta	61.92	64.67	NIL
East TX-OK	57.50	59.50	NIL
West Texas	57.50	59.25	609
Desert SW	58.42	64.42	NIL
SJ Valley	59.67	69.57	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 21-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

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