

Domestic Fundamentals:

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

In The News: The Telangana government has advised farmers to reduce the cultivation of cotton this season as the producers are not getting remunerative price for the crop. They have been advised to go other crops like pulses and soybean instead of cotton. According to government sources, the area under cotton in 2015 -16 was 17.73 lakh hectares.

Farmers in North India are shifting to other crops mainly pulses amid huge loss made by the farmers in the previous year due to white fly pest attack and leaf curl virus. Sowing of cotton has begun in North India. In Punjab the total acreage under cotton is likely to be around 320,000 hectares compared to 540,000 hectares in the previous season. In Haryana, acreage is likely to decline by 20 per cent compared to 583,000 hectares in the previous season according to officials.

The Centre has withdrawn notification on Bt Cotton guidelines issued few days before. It has put the notification in public domain and has invited comments and suggestions from the stakeholders in the industry.

Cotton farmers in Raichur, Karnataka have suffered a loss of Rs.278.72 crore due to failure of Bt Cotton. Bt Cotton was sown in 1.5 lakh acres and the crop has failed in 80% of the area in the previous season.

The Cotton Association of India (CAI) has estimated India's cotton output in 2015 -16 at 341.50 lakh bales (of 170 kg each), around 10.8 per cent lower compared to the previous year's production of 383 lakh bales. The projected balance sheet drawn by the CAI for 2015-16 pegs total supply at 429.10 lakh bales, while domestic consumption is seen at 305 lakh bales, thus leaving an available surplus of 124.10 lakh bales.

India exported 0.574 lakh bales of cotton last week (16 -22 May 2016), which was 0.718 lakh bales previous to last week (09 -15 May 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (16 -22 May, 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.259 lakh bales of cotton from India in the past week (16 -22, May 2016). Other major importers were China, Vietnam, Pakistan and Indonesia and their imported volumes were 0.119 lakh bales, 0.070 lakh bales, 0.057 lakh bales and 0.023 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 April 2016 are estimated at 302.40 lakh bales, lower compared to previous 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.

Bangladesh is set to export textiles and jute products to Uganda with the two countries having almost finalised a trade deal.

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	-8.00	908.5	913	898	904	2432	467	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	May-16	May-17	
Spot	147		-
May-17		904	-

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

*Updated at 5.04 pm on 27 May- 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-16	+50	17850	17980	17840	17890	396	579	177349	-255913
July-16	+20	18240	18370	18210	18280	721	-349	321842	171520
Sep-16	+60	17280	17280	17150	17180	32	11	14527	5049

Spread	Feb-16	Mar-16	Apr-16	May-16	--	--
Spot	—			-	-	-
May-16		-390		-	-	-
July-16			1100	-	-	-
Sep-16	—			-	-	-

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

* Updated at 5.04 pm on 27 May 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	27-May-16	26-May-16	
Gujarat	Ahmedabad	Shankar-6	5250	5250	Unch
	Gondal	Shankar-6	5255	5135	120
	Rajkot	B.T. Cotton	5255	5155	100
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5250	5250	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5105	5050	55
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	5150	NR	-
	Fatehabad	B.T. Cotton	5200	5150	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	5100	5000	100
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5050	5095	-45
Maharashtra	Amravati	Mech-1	5300	5200	100
	Jamner	Medium Staple	NA	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	NA	NA	-
	East Godavari	Un-Ginned	4100	4100	Unch
Karnataka	Bijapur	Bunny	5409	5369	40
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5300	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	27-May-16	26-May-16	

Punjab	Bhatinda	J-34	3940	3900	40
	Abohar	J-34	3940	3915	25
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3870	3840	30
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	27-May-16	26-May-16	
Gujarat	Ahmedabad	Shankar-6	11900	13600	-1700
	Gondal	Shankar-6	558	684	-126
	Rajkot	B.T. Cotton	655	1810	-1155
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	10000	10000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	43	42	1
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	200	400	-200
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	255	NR	-
	Fatehabad	B.T. Cotton	30	40	-10
	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	40	70	-30
Maharashtra	Amravati	Mech-1	1400	1200	200
	Jamner	Medium Staple	NA	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	770	730	40

	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	210	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	27-May-16	26-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
				26-May-16	25-May-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	32700	32700	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	33200	33200	Unch
J-34(202)	26mm	3.5 - 4.9	23	35800	35600	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	35600	35500	100
Shankar-6(105)	29mm	3.5 - 4.9	28	36100	35900	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	38100	37800	300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	38500	38200	300
DCH-32(107)	34mm	3.0 - 3.8	33	52000	51000	1000

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

Centre	Unit	Price		Change
		27-May-16	26-May-16	
Rajkot	Rs. /10 Kg.	652	645	7
New Delhi	Rs. /10 Kg.	621	630	-9
Hyderabad	Rs. /10 Kg.	630	630	Unch
Mumbai	Rs. /10 Kg.	645	645	Unch

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

Centre	Unit	Price		Change
		27-May-16	26-May-16	
Mahesana (Kadi)	Rs./Qtl	2333	2291	42

Akola	Rs./Qtl	2326	2300	26
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INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 27-May-2016		
Index	RMB/Ton	Change
CCIndex(328)	12577	10
CCIndex(527)	11597	6
CCIndex(229)	12893	2
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 27-May-2016		
Index	Cents/lb	Change
FC Index (S)	75.86	1.41
FC Index (M)	72.96	1.35
FC Index (L)	70.65	1.25

Cotlook Index: As on 26-May-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	71.45	Unch

USDA Cotton Spot Rates: As on 26-May-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	64.83	68.08	NIL
North Delta	64.58	67.33	NIL
South Delta	64.58	67.33	NIL
East TX-OK	60.50	62.50	527
West Texas	60.50	62.25	2480
Desert SW	61.08	67.08	NIL
SJ Valley	62.33	72.23	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 26-May-2016					
Contract	Open	High	Low	Close	Change
Jul-16	62.89	64.55	62.85	64.33	1.43
Oct-16	63.23	64.63	63.23	64.63	1.52
Dec-16	62.49	63.95	62.47	63.94	1.40
Mar-16	62.90	64.24	62.90	64.22	1.42
May-16	63.52	64.55	63.30	64.54	1.38
Jul-16	63.79	64.80	63.79	64.80	1.35

Pakistan Cotton Spot rates: As on 26-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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