

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed range –bound to high movement on Monday

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The Centre has withdrawn notification on Bt Cotton guidelines issued few days before.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.

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
Feb-17	0	903	903	903	903	0	-	1	-
Apr-17	7	905	916	905	910	2194	439	2865	-427

Spread	Feb-17	Apr-17
Spot	--	172
Feb-17	--	--

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

*Updated at 4:45 pm on 30 May 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
<u>May-16</u>	210	17940	18190	17940	18110	317	166	949	131
<u>June-16</u>	190	18150	18420	18130	18290	2505	-244	6588	-109
<u>July-16</u>	190	18310	18570	18310	18450	614	248	3252	-193

Spread	<u>April-16</u>	<u>May-16</u>	<u>June-16</u>
Spot	--		
<u>May-16</u>		-180	
<u>June-16</u>			-160
<u>july-16</u>			

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

* Updated at 4:45 pm on 30 May 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	30-May-16	28-May-16	
Gujarat	Ahmedabad	Shankar-6	5350	5250	100
	Gondal	Shankar-6	5255	5210	45
	Rajkot	B.T. Cotton	5375	5265	110
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5400	5200	200
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4710	4710	Unch
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	5400	5325	75
	Fatehabad	B.T. Cotton	5350	5300	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	5000	4900	100
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5200	5100	100
Maharashtra	Amravati	Mech-1	5400	5200	200
	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	5479	5459	20
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	4810	-
	Raichur	H-44 Cotton	5430	5400	30
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	30-May-16	28-May-16	
Punjab	Bhatinda	J-34	4000	3955	45

	Abohar	J-34	4025	3975	50
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3950	3900	50
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	30-May-16	28-May-16	
Gujarat	Ahmedabad	Shankar-6	11900	11900	Unch
	Gondal	Shankar-6	566	386	180
	Rajkot	B.T. Cotton	910	625	285
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5000	7000	-2000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	40	39	1
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	200	300	-100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	170	255	-85
	Fatehabad	B.T. Cotton	NA	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	50	-10
Maharashtra	Amravati	Mech-1	1000	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	100	390	-290

	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	2	-
	Raichur	H-44 Cotton	202	157	45
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	30-May-16	28-May-16	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	34	68	-34
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
				28-May-16	27-May-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	32800	32800	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	33300	33300	Unch
J-34(202)	26mm	3.5 - 4.9	23	36200	36000	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	35800	35800	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	36300	36300	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	38200	38200	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	38700	38700	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	52200	52200	Unch

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

Centre	Unit	Price		Change
		30-May-16	28-May-16	
Rajkot	Rs. /10 Kg.	660	650	10
New Delhi	Rs. /10 Kg.	635	635	Unch
Hyderabad	Rs. /10 Kg.	630	630	Unch
Mumbai	Rs. /10 Kg.	650	645	5

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

Centre	Unit	Price		Change
		30-May-16	28-May-16	
Mahesana (Kadi)	Rs./Qtl	2396	2353	43
Akola	Rs./Qtl	2376	2332	44

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 30-May-2016

Index	RMB/Ton	Change
CCIndex(328)	12575	-2
CCIndex(527)	11598	1
CCIndex(229)	12892	-1

RMB -Renminbi, 1RMB =0.16 \$U.S.

China Foreign Cotton (FCE) Index : As on 30-May-2016

Index	Cents/lb	Change
FC Index (S)	75.99	0.13
FC Index (M)	73.20	0.24
FC Index (L)	70.65	Unch

Cotlook Index: As on 27-May-2016

Cotlook Indices	Cents/Pound	Change
A-Index	72.95	1.50

USDA Cotton Spot Rates: As on 27-May-2016

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	64.78	68.03	NIL
North Delta	64.53	67.28	NIL
South Delta	64.53	67.28	NIL
East TX-OK	60.50	62.50	821
West Texas	60.50	62.25	1692
Desert SW	61.03	67.03	NIL
SJ Valley	62.28	72.18	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 27-May-2016

Contract	Open	High	Low	Close	Change
Jul-16	64.33	64.59	63.58	64.28	-0.05
Oct-16	64.27	64.37	64.27	64.37	-0.26
Dec-16	63.94	63.98	63.30	63.85	-0.09
Mar-16	64.23	64.23	63.53	64.13	-0.09
May-16	64.37	64.38	63.76	64.38	-0.16
Jul-16	64.61	64.61	63.90	64.57	-0.23

Pakistan Cotton Spot rates: As on 28-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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