

Domestic Fundamentals:

Market Outlook: Cotton spot market noticed mostly steady tone on Thursday.

In The News: Around 3.45 crore bales of cotton has been pressed so far all over the country, according to reports of Indian Cotton federation (ICF). ICF believes that cotton growers in states like Gujarat and Maharashtra may switch to crop like pulses and groundnut as they find cotton crop less lucrative due to untimely rains and lower prices.

Following the expectation of the delayed monsoon and lower than expected rainfall this year, the Maharashtra government fears that the situation of cotton belts could get worse and to hedge the risk, the government is planning to promote non Bt cotton seed, which are have lower production costs than the Bt variety of cotton. As per the data of Ministry of Agriculture, the cost of cultivating cotton is highest in Maharashtra which leads to the lowest profit margins.

The monsoon in country is likely to arrive late as forecasted by Indian Meteorological Department (IMD). IMD believes that southwest monsoon will arrive by June 5, on the southern coast of Kerala against the normal start date of June 01. IMD earlier forecasted the onset date of Monsoon as May 30 with the model error of plus-minus 4 days. Monsoon rains during the previous year i.e. 2014, arrived on Kerala coast on June 6.

Cottonseed sale could drop this Kharif season, as reported the industry. Around 4.40-4.50 crore packets (450 gm each) of cotton seed are likely to be sold in the country this season, lower when compared to the 4.75 crore packets sold last year. Currently the industry is holding the stock of 6.5 crore packets, out of which 1.5 crore packets are considered not-so-good quality seeds.

Around 8.82 lakh hectares of cotton have been planted as on 29th May throughout the country, approximately 14.25% higher when compared the sowing of cotton during the corresponding period last year which was 7.72 lakh hectares, said Press Information Bureau (PIB).

India exported 0.622 lakh bales of cotton last week (18-24 May 2015), which was 0.416 lakh bales previous to last week (11-17 May 2015), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.128 lakh bales last week, which was 0.383 lakh bales previous to last week.

The loss of around Rs 2,500 crore is likely to incur by government on cotton procurement scheme, which was aimed to save the farmers from the crashing cotton prices held in the current marketing year through September, said Textile minister Santosh Kumar Gangwar. The losses were earlier estimated to be around Rs 4000 crore, said Gangwar. The loss could still be lower than Rs 2500 crore if cotton price improves.

Around eight textile industry association in Tamil Nadu urged the state minister (road transport, national highways and shipping) to relax Cabotage law in order to make transport of cotton from Gujarat to Tamil Nadu easier. Under the law the Indian vessel will be given the first preference for the transportation of good from one port to another and any foreign vessel could get chance only when Indian vessel in not available and the India's maritime regulator issues the license to foreign vessel.

The southwest rains this season are predicted to be below normal for the second consecutive year, according to the IMD. According to the market participants, unlike the other crops, the deficit in rainfall would not impact cotton output and rather it could benefit cotton as it is the desert crop.

International Fundamentals:

World cotton imports are likely to increase marginally in the coming season i.e. 2015-16, said ICAC. The cotton imports on the global front would go up by the 2% to 7.7 million tons with the increase of 3% in the imports of countries outside china to 6.1 million tons.

Around 72% of cotton planting has been completed in USA as on May 31 this year, which was 47% last week and 61% last year on same date, according to USDA. The five year average sowing progress is 78% as on date, slightly higher than the current sowing pace.

China imported around 160,800 tonnes of cotton in April, approximately 28.3% lower when compared to the volume imported during the same month last year, according to the official custom data. During the initial four month of the year, imports to China fell by around 38.2 percent year on year to 609,000 tonnes, said China Cotton Association (CCA) citing custom data.

Outlook

We expect domestic prices to remain range bound to weak in near term.

NCDEX Kapas Futures*: (Prices in Rs/20kg)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-16	1	929.5	933	928	933	792	-306	2917	86
Spread	Apr-15								
Spot	22				--		--		

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

*Updated at 5:00 pm on 04 June 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jun-15	120	16430	16540	16380	16540	735	166	6869	-34
Jul-15	140	16600	16700	16540	16700	410	150	3242	209
Oct-15	100	17350	17400	17320	17400	16	-16	334	54
Dec-15	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--

Spread	Jun-15	Jul-15	Oct-15	Dec-15					
Spot	--								
Jun-15		-160							
Jul-15			-700						
Oct-15				--					
Dec-15					--				
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(NB: Spread Basis = Spot- Near Month Future)

* Updated at 5:00 pm on 04 June 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		4-June-15	3-June-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4700	4700	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	4775	4790	-15
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	4570	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NA	NA	-
Adampur	B.T. Cotton	4750	4725	25
Fatehabad	B.T. Cotton	4800	4800	Unch
Dabwali	B.T. Cotton	NA	NA	-
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	4825	4825	Unch
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
	Kapas			
Ahmedabad	Shankar-6	4800	4800	Unch
Gondal	Shankar-6	4845	4845	Unch
	Kapas			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	NA	-
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4000	NA	-
Krishna	Un-Ginned	4050	NA	-
East Godavari	Un-Ginned	4050	4050	Unch
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	3860	3890	-30
Muktsar	J-34	3820	3770	50
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3870	3870	Unch
Sirsa	J-34	3740	3770	-30
Sri-Ganganagar	J-34	3596	3478	118

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		4-June-15	3-June-15	
Amravati	Mech-1	NA	NA	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	1210	560	650
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	18	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NA	NA	-
Adampur	B.T. Cotton	NA	NA	-
Fatehabad	B.T. Cotton	NA	NA	-
Dabwali	B.T. Cotton	NA	NA	-
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	NA	NA	-
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
Ahmedabad	Shankar-6	8500	8500	Unch
Gondal	Shankar-6	288	351	-63
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	NA	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	NA	NA	-
Bhatinda	J-34	NA	NA	-
Sirsa	J-34	68	51	17
Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				3-June-15	2-June-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	35600	35600	Unch
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	36100	36100	Unch
J-34(202)	26mm	3.5 - 4.9	23	36100	35800	300
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	34100	34000	100
Shankar-6(105)	29mm	3.5 – 4.9	28	34800	34700	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	36200	36200	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	37000	37000	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	45200	45200	Unch

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

Centre	Unit	Price		Change
		4-June-15	3-June-15	
Rajkot	Rs. /10 Kg.	620	625	-5
New Delhi	Rs. /10 Kg.	612	625	-13
Hyderabad	Rs. /10 Kg.	620	600	20
Mumbai	Rs. /10 Kg.	620	620	Unch

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

Centre	Unit	Price		Change
		4-June-15	3-June-15	
Mahesana (Kadi)	Rs./Qtl	1929	1932	-3
Akola	Rs./Qtl	1827	1839	-12

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 4/6/2015		
Index	RMB/Ton	Change
CCIndex(328)	13313	0
CCIndex(527)	12225	-2
CCIndex(229)	13991	1
RMB - Renminbi, 1RMB = 0.16 \$U.S.		

China Foreign Cotton (FC) Index : As on 3/6/2015

Index	Cents/lb	Change
FC Index (S)	78.31	-0.13
FC Index (M)	72.23	-0.23
FC Index (L)	70.22	-0.19

Cotlook Index: As on 3/6/2015

Cotlook Indices	Cents/Pound	Change
A-Index	71.7	-0.20

USDA Cotton Spot Rates: As on 3/6/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	64.49	67.74	206
North Delta	63.74	66.49	NIL
South Delta	63.74	66.49	NIL
East TX-OK	62.25	64.50	25
West Texas	62.25	64.50	65
Desert SW	62.99	69.49	NIL
SJ Valley	63.99	73.89	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 3/6/2015

Contract	Open	High	Low	Close	Change
15-Jul	63.74	65.39	63.44	65.24	1.64
15-Oct	65.23	66.10	65.23	66.10	1.68
15-Dec	64.15	65.40	64.08	65.28	1.22
16-Mar	64.50	65.50	64.50	65.45	1.14
16-May	64.95	65.77	64.94	65.77	1.05
16-Jul	65.35	66.18	65.34	66.14	0.95

Pakistan Cotton Spot rates: As on 3/6/2015 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5400	150	5550
Equivalent	40 Kgs	5787	160	6947

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