

## Domestic Fundamentals:

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

**In The News:** Around 9.32 lakh hectares of cotton have been planted as on 05<sup>th</sup> June throughout the country, approximately 14.5% lower when compared the sowing of cotton during the corresponding period last year which was 10.90 lakh hectares, said Press Information Bureau (PIB).

India exported 0.624 lakh bales of cotton last week (25-30 May 2015), which was 0.622 lakh bales previous to last week (18-24 May 2015), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.231 lakh bales last week, which was 0.128 lakh bales previous to last week.

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.

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.

### 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	-15	928	931	912	914	1596	804	2835	-82
Spread	Apr-15								
Spot	32				--				--

(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 05 June 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jun-15	40	16110	16110	15430	16040	677	-58	1293	-5576
Jul-15	-190	16420	16470	16210	16280	1076	666	6902	3660
Oct-15	-190	16560	16630	16370	16440	356	340	3248	2914
Dec-15	-130	17280	17280	17200	17220	7	--	358	--
--	--	--	--	--	--	--	--	--	--
Spread	Jun-15	Jul-15	Oct-15	Dec-15					
Spot	--								--
Jun-15		-240							
Jul-15			-160						
Oct-15				-780					
Dec-15					--				
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(NB: Spread Basis = Spot- Near Month Future)

\* Updated at 5:00 pm on 05 June 2015

**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Market:**

Centre	Variety	Prices		Change
		5-June-15	6-June-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4700	4700	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	4730	4775	-45
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NA	NA	-
Adampur	B.T. Cotton	4700	4750	-50
Fatehabad	B.T. Cotton	4750	4800	-50
Dabwali	B.T. Cotton	NA	NA	-
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	4850	4825	25
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4750	4800	-50
Gondal	Shankar-6	4845	4845	Unch
	<b>Kapas</b>			
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	4000	Unch
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	4050	4050	Unch
	<b>Lint</b>	<b>Rs./Maunder (of 37.32kg each)</b>		
Abohar	J-34	3870	3860	10
Muktsar	J-34	3850	3820	30
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3870	3870	Unch
Sirsa	J-34	3740	3740	Unch
Sri-Ganganagar	J-34	3525	3596	-71

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		5-June-15	6-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	605	1210	-605
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	NA	-
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	6800	8500	-1700
Gondal	Shankar-6	334	288	46
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	51	68	-17
Sri-Ganganagar	J-34	NA	NA	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				4-June-15	3-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	36100	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	34100	34100	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	34800	34800	Unch
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
		5-June-15	4-June-15	
Rajkot	Rs. /10 Kg.	620	620	Unch
New Delhi	Rs. /10 Kg.	612	612	Unch
Hyderabad	Rs. /10 Kg.	600	620	-20
Mumbai	Rs. /10 Kg.	NA	620	-

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

Centre	Unit	Price		Change
		5-June-15	4-June-15	
Mahesana (Kadi)	Rs./Qtl	1916	1929	-13
Akola	Rs./Qtl	1823	1827	-4

**INTERNATIONAL PRICES AND INDICES**

China Cotton Index: As on 5/6/2015		
Index	RMB/Ton	Change
CCIndex(328)	13305	-8
CCIndex(527)	12223	-2
CCIndex(229)	13989	-2
RMB - Renminbi, 1RMB = 0.16 \$U.S.		

**China Foreign Cotton (FC) Index : As on 4/6/2015**

Index	Cents/lb	Change
FC Index (S)	79.10	Unch
FC Index (M)	73.03	Unch
FC Index (L)	71.27	Unch

**Cotlook Index: As on 4/6/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	73.20	1.50

**USDA Cotton Spot Rates: As on 4/6/2015**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	64.37	67.62	2782
North Delta	63.62	66.37	NIL
South Delta	63.62	66.37	NIL
East TX-OK	62.25	64.50	1
West Texas	62.25	64.50	10
Desert SW	62.87	69.37	668
SJ Valley	63.87	73.77	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 4/6/2015**

Contract	Open	High	Low	Close	Change
15-Jul	65.44	65.95	64.94	65.12	-0.12
15-Oct	66.03	66.86	66.03	66.84	1
15-Dec	65.28	65.79	64.94	65.28	Unch
16-Mar	65.60	65.85	65.07	65.39	Unch
16-May	65.55	66.00	65.54	65.70	-0.07
16-Jul	66.32	66.46	65.99	66.15	Unch

**Pakistan Cotton Spot rates: As on 4/6/2015 (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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