

Domestic Fundamentals:

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

In The News: According to the Southern India Mills' Association (SIMA) the cotton ending stocks by the end of season 2014-15 is likely to stand around 70 lakh bales, highest ever cotton stock since 2008-09. As cotton production in the coming season is likely to decline on domestic and global front, higher cotton carryover stocks would place India in comfortable position on the supply side.

Around 9.32 lakh hectares of cotton have been planted as on 05th 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.

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	911.5	914	906	912	1407	-189	2531	-304
Spread	Apr-15								
Spot	27				--		--		

(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 08 June 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jun-15	-50	16320	16320	16120	16190	830	153	6809	5516
Jul-15	-90	16440	16440	16300	16320	261	-815	3307	-3595
Oct-15	-110	17140	17140	17130	17130	3	-353	358	-2890
Dec-15	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--
Spread	Jun-15	Jul-15	Oct-15	Dec-15					
Spot	--								
Jun-15		-130							
Jul-15			-810						
Oct-15				--					
Dec-15					--				
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(NB: Spread Basis = Spot- Near Month Future)

* Updated at 5:00 pm on 08 June 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		8-June-15	6-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	4695	4690	5
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	4655	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4750	NA	-
Adampur	B.T. Cotton	4790	4780	10
Fatehabad	B.T. Cotton	NA	4750	-
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	4850	Unch
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
	Kapas			
Ahmedabad	Shankar-6	4700	4700	Unch
Gondal	Shankar-6	4690	4845	-155
	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	4668	-
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4050	4000	50
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	4050	NA	-
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	3865	3860	5
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3865	3865	Unch
Sirsa	J-34	3725	3740	-15
Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		8-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	1240	510	730
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	5100	6800	-1700
Gondal	Shankar-6	316	536	-220
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	51	Unch
Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				5-June-15	4-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	35600	36100	-500
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	34300	34100	200
Shankar-6(105)	29mm	3.5 - 4.9	28	35000	34800	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	36400	36200	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	37200	37000	200
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
		8-June-15	6-June-15	
Rajkot	Rs. /10 Kg.	620	620	Unch
New Delhi	Rs. /10 Kg.	605	612	-7
Hyderabad	Rs. /10 Kg.	595	600	-5
Mumbai	Rs. /10 Kg.	610	610	Unch

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

Centre	Unit	Price		Change
		8-June-15	6-June-15	
Mahesana (Kadi)	Rs./Qtl	1911	Closed	-
Akola	Rs./Qtl	1803	Closed	-

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 8/6/2015		
Index	RMB/Ton	Change
CCIndex(328)	13323	18
CCIndex(527)	12228	5
CCIndex(229)	13991	2
RMB - Renminbi, 1RMB = 0.16 \$U.S.		

China Foreign Cotton (FC) Index : As on 8/6/2015

Index	Cents/lb	Change
FC Index (S)	78.66	-0.44
FC Index (M)	72.63	-0.4
FC Index (L)	70.72	-0.55

Cotlook Index: As on 5/6/2015

Cotlook Indices	Cents/Pound	Change
A-Index	73.05	-0.15

USDA Cotton Spot Rates: As on 5/6/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	63.26	66.51	894
North Delta	62.51	65.26	NIL
South Delta	62.51	65.26	NIL
East TX-OK	61.25	63.50	753
West Texas	61.25	63.50	1552
Desert SW	61.76	68.26	NIL
SJ Valley	62.76	72.66	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 5/6/2015

Contract	Open	High	Low	Close	Change
15-Jul	65.12	65.20	63.93	64.01	-1.11
15-Oct	66.08	66.17	65.87	65.88	-0.96
15-Dec	65.28	65.37	64.30	64.55	-0.73
16-Mar	65.41	65.41	64.47	64.76	-0.63
16-May	65.59	65.59	64.95	65.08	-0.62
16-Jul	65.46	65.53	65.45	65.53	-0.62

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

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5500	150	5650
Equivalent	40 Kgs	5894	160	6054

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