

Domestic Fundamentals:

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

In The News: Cotton Corporation of India (CCI) has started floating the global tender for cotton export to Bangladesh. The tender earlier did not attract the much attention as the prices quoted by CCI was 76-77 cents whereas the working price of the exporters is 68-70 cents since the Rupee has appreciated to 62.15 from 62.70 against the dollar. CCI is now working on the better and revised pricing strategy to drag down the price to 70 cents for the overseas buyers.

CCI has invited bids for the export sale of 4200 F.P. bales of cotton thorough e-auction on 10 June 2015 from the international buyer. Varieties offered for the auction was Bunny Brahma (BB) and Shankar-6 (S-6) for the Ex-port Benapole.

Cotton acreage is expected to fall by around 7% this year, said Cotton association of India (CAI) following the drastic fall in the prices in the current season and expectation of better return from other crops including soybean and Pulses. It should be noted that it is steepest fall in acreage since 2002/03.

The two key cotton growing region of Punjab i.e. Bathinda and Mukhtsar are expected to switch to other crop from cotton due to lower returns and crop loss. Farmers are likely to opt paddy over fiber crop this year despite the expectation of lower rainfall. It should be noted Punjab received only 50% of the normal rainfall during the last monsoon season i.e. June-September 2014.

Farmers in Vidarbha are advised by the divisional level officer agriculture, to delay the sowing of Kharif crop including cotton and soybean, to July first week as the monsoon is likely to get delay. In general, farmers start Kharif sowing in the region by June 15. Delayed sowing in the region could save farmers from re sowing which usually occurs due to late or scanty rains.

Cotton Association of India (CAI) projected the total cotton supply in the country at 45.36 million bales and domestic consumption at 31 million bales and leaving the surplus of 14.36 million bales. According to CAI, by the end of May, domestic mills consumption was recorded at 27.4 million bales which was around 26.66 million bales last year during the same period last year.

A notification has been issued by Government of Maharashtra to seed selling companies to reduce the price of Bt cotton seed including the varieties Bt Bollguard 1 and 2 by Rs.100 each. However no change would be made to price of non-Bt Hybrid cotton seed.

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.

International Fundamentals:

Around 87% of cotton planting has been completed in USA as on June 07 this year, which was 61% last week and 81% last year on same date, according to USDA. The five year average sowing progress is 89% as on date, slightly higher than the current sowing pace.

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.

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	915	919.5	913.5	917	747	267	2373	-120
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 10 June 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jun-15	-70	16320	16350	16250	16280	431	223	6424	-178
Jul-15	-70	16450	16510	16410	16440	155	100	3313	-4
Oct-15	100	17300	17300	17300	17300	--	1	360	--
Dec-15	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--

Spread	Jun-15	Jul-15	Oct-15	Dec-15					
Spot	--								
Jun-15		-160							
Jul-15			-860						
Oct-15				--					
Dec-15					--				
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(NB: Spread Basis = Spot- Near Month Future)

* Updated at 5:00 pm on 10 June 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		10-June-15	9-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	4695	Unch
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	4750	4750	Unch
Adampur	B.T. Cotton	4825	4770	55
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	4750	4850	-100
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	4695	4695	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	4700	4650	50
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4050	4050	Unch
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	4050	4050	Unch
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	3865	3865	Unch
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3860	3865	-5
Sirsa	J-34	3730	3725	5
Sri-Ganganagar	J-34	3572	3572	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		10-June-15	9-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	406	434	-28
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	6800	Unch
Gondal	Shankar-6	296	358	-62
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	43	51	-8
Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				9-June-15	8-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	35400	35400	Unch
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	34200	34200	Unch
Shankar-6(105)	29mm	3.5 – 4.9	28	34900	34900	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	36300	36300	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	37100	37100	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
		10-June-15	9-June-15	
Rajkot	Rs. /10 Kg.	620	620	Unch
New Delhi	Rs. /10 Kg.		605	
Hyderabad	Rs. /10 Kg.	590	590	Unch
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
		10-June-15	9-June-15	
Mahesana (Kadi)	Rs./Qtl	1919	1922	-3
Akola	Rs./Qtl	1812	1809	3

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 10/6/2015		
Index	RMB/Ton	Change
CCIndex(328)	13329	0
CCIndex(527)	12226	-1
CCIndex(229)	13999	7
RMB - Renminbi, 1RMB = 0.16 \$U.S.		

China Foreign Cotton (FC) Index : As on 10/6/2015

Index	Cents/lb	Change
FC Index (S)	79.05	Unch
FC Index (M)	72.97	Unch
FC Index (L)	71.21	Unch

Cotlook Index: As on 9/6/2015

Cotlook Indices	Cents/Pound	Change
A-Index	72.70	0.65

USDA Cotton Spot Rates: As on 9/6/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	67.05	63.80	NIL
North Delta	65.80	63.05	NIL
South Delta	65.80	63.05	NIL
East TX-OK	64.25	62.00	110
West Texas	64.25	62.00	346
Desert SW	68.80	62.30	NIL
SJ Valley	73.20	63.30	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 9/6/2015

Contract	Open	High	Low	Close	Change
15-Jul	64.80	65.27	64.48	64.55	-0.25
15-Oct	66.51	67.17	66.27	66.38	-0.15
15-Dec	65.50	65.95	65.15	65.37	0.03
16-Mar	65.79	66.18	65.46	65.70	0.12
16-May	66.35	66.42	65.95	66.02	0.20
16-Jul	66.75	66.75	66.35	66.37	0.23

Pakistan Cotton Spot rates: As on 9/6/2015 (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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