

Domestic Fundamentals:

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

In The News: India exported 0.453 lakh bales of cotton last week (31 May-07 June 2015), which was 0.654 lakh bales previous to last week (25-30 May 2015), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.254 lakh bales last week, which was 0.231 lakh bales previous to last week.

All India cotton arrivals, as on May 30, 2015 has reached 27.5 million 480 lb. bales (35.3 million 170 kg bales/5.9 mmt), as reported by the Cotton Corporation of India (CCI). The pace of arrivals has slowed by around 5 percent when compared to last year. CCI procurement under MSP stood at 6.8 million 480 lb. bales (8.7 million 170 kg bales/1.5 mmt) during the current season. CCI sales reported as of May 30 have recorded 1 million 480 lb. bales (1.3 million 170 kg bales/221,000 mt).

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.

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.

International Fundamentals:

World cotton production estimates for the season 2015-16 has been upwardly revised by USDA. Cotton production on global front is likely to stand around 24.238 million tons in the coming season around 0.07% higher when compared to the estimates of previous month which was 24.222 million tons and around 6.34% lower when compared to the production of current month.

In its June estimates, USDA lowered the world cotton exports estimates for the season 2015-16 by around 0.42% to 7.36 million tons as compared to the estimates of previous month which was 7.329 million tons. The export of during the season 2015-16 would be around 1.06% lower when compared to the export of current season and around 15.65% lower when compared the season 2013-14.

USDA has revised the import estimates of China for the season the 2014-15 at 1.742 million tons in June which was estimated 1.676 million tons earlier in May this season. USDA expects the increase in China cotton imports as the country is carrying the strong demand for high grades of cotton which it will source from other countries.

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	2.5	910	913	907.5	911	1003	62	2764	320

Spread	Apr-15		
Spot	29	--	--

(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 12 June 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jun-15	-100	16080	16080	15950	15950	990	184	6098	-271
Jul-15	-70	16220	16250	16140	16140	366	-21	3376	38
Oct-15	-130	17020	17020	16940	16940	17	15	366	6
Dec-15	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--

Spread	Jun-15	Jul-15	Oct-15	Dec-15		--
Spot	--					
Jun-15		-190				
Jul-15			-800			
Oct-15				--		
Dec-15					--	
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(NB: Spread Basis = Spot- Near Month Future)

* Updated at 5:00 pm on 12 June 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		12-Jun-15	11-Jun-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4750	4700	50
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	4660	4700	-40
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	4815	4850	-35
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	4750	-
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	4665	4700	-35
	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	4739	4726	13
Guntur	Un-Ginned	3950	4050	-100
Kurnool	Un-Ginned	4010	4000	10
Krishna	Un-Ginned	3944	4050	-106
East Godavari	Un-Ginned	NA	4050	-
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	3855	3860	-5
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3850	3860	-10
Sirsa	J-34	3730	3740	-10
Sri-Ganganagar	J-34	3525	3572	-47

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		12-Jun-15	11-Jun-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	215	380	-165
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	6460	5100	1360
Gondal	Shankar-6	299	243	56
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	34	9
Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				11-Jun-15	10-Jun-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	35300	35600	-300
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	35800	36100	-300
J-34(202)	26mm	3.5 - 4.9	23	35400	35500	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33700	34200	-500
Shankar-6(105)	29mm	3.5 - 4.9	28	34800	34900	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	36100	36300	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	37000	37100	-100
DCH-32(107)	34mm	3.0 - 3.8	33	45000	45200	-200

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

Centre	Unit	Price		Change
		12-Jun-15	11-Jun-15	
Rajkot	Rs. /10 Kg.	618	620	-2
New Delhi	Rs. /10 Kg.	605	605	Unch
Hyderabad	Rs. /10 Kg.	585	590	-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
		12-Jun-15	11-Jun-15	
Mahesana (Kadi)	Rs./Qtl	1920	1921	-1
Akola	Rs./Qtl	1804	1817	-13

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 12/6/2015		
Index	RMB/Ton	Change
CCIndex(328)	13330	-1
CCIndex(527)	12202	-13
CCIndex(229)	14005	Unch
RMB - Renminbi, 1RMB = 0.16 \$U.S.		

China Foreign Cotton (FC) Index : As on 12/6/2015

Index	Cents/lb	Change
FC Index (S)	78.57	-0.77
FC Index (M)	72.52	-0.66
FC Index (L)	70.54	-1.00

Cotlook Index: As on 11/6/2015

Cotlook Indices	Cents/Pound	Change
A-Index	72.80	0.30

USDA Cotton Spot Rates: As on 11/6/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.78	66.03	NIL
North Delta	62.03	64.78	NIL
South Delta	62.03	64.78	NIL
East TX-OK	60.75	63.00	NIL
West Texas	60.75	63.00	41
Desert SW	61.28	67.78	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

Pakistan Cotton Spot rates: As on 11/6/2015 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5450	150	5600
Equivalent	40 Kgs	5841	160	6001

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