

## Domestic Fundamentals:

**Market Outlook:** Cotton spot market noticed mostly mixed tone on Tuesday.

**In The News:** Cotton consumption in India is likely to increase by around 5.09% in the coming season i.e. 2015-16 to 5.606 million tones as compared to 5.334 million tones in the current season, said USDA. Consumption on global front too is likely to increase by around 3.44% to 25.10 million tones in 2015-16 as compared to 24.27 million tones in current season.

Around 14.3 lakh hectares of cotton has been sown so far throughout the country, as on 12 June this year, which is around 17.5% lower when compared to the sowing progress of last season during the corresponding period which was 17.34 lakh hectares, according to Ministry of Agriculture.

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 for 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.

### 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 estimates 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	4.5	900.5	909	898.5	905.5	1049	-1314	2918	-84
Spread	Apr-15								
Spot	8.5				--		--		

(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 16 June 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jun-15	-10	15950	16020	15940	15940	546	-202	5268	-513
Jul-15	20	16120	16180	16100	16120	170	-382	3423	4
Oct-15	-10	16920	16920	16920	16920	18	17	354	-12
Dec-15	--	--	--	--	--	--	--	--	--
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Spread	Jun-15	Jul-15	Oct-15	Dec-15		--
Spot	--					
Jun-15		-180				
Jul-15			-800			
Oct-15				--		
Dec-15					--	
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(NB: Spread Basis = Spot- Near Month Future)

\* Updated at 5:00 pm on 16 June 2015

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

Centre	Variety	Prices		Change
		16-Jun-15	15-Jun-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	Closed	4700	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	4570	4620	-50
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	4670	4670	Unch
Adampur	B.T. Cotton	4770	4800	-30
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	Closed	NA	-
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	4550	4600	-50
Gondal	Shankar-6	4560	4555	5
	<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	4679	-
Guntur	Un-Ginned	4050	3825	225
Kurnool	Un-Ginned	4050	4010	40
Krishna	Un-Ginned	4050	4300	-250
East Godavari	Un-Ginned	4050	3975	75
	<b>Lint</b>	<b>Rs./Maund (of 37.32kg each)</b>		
Abohar	J-34	3830	3835	-5
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3645	3650	-5
Sirsa	J-34	3700	3730	-30
Sri-Ganganagar	J-34	3502	3502	Unch

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		16-Jun-15	15-Jun-15	
Amravati	Mech-1	Closed	NA	-
Khandwa	Mech-1	NA	NA	-
Khargaone	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	404	410	-6
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	Closed	NA	-
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
Ahmedabad	Shankar-6	3400	3400	Unch
Gondal	Shankar-6	90	74	16
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	382	-
Guntur	Un-Ginned	1	1	Unch
Kurnool	Un-Ginned	1	1	Unch
Krishna	Un-Ginned	1	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
				15-Jun-15	13-Jun-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	35100	35100	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	35600	35600	Unch
J-34(202)	26mm	3.5 - 4.9	23	35400	35400	Unch
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	33300	33500	-200
Shankar-6(105)	29mm	3.5 – 4.9	28	34200	34400	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35800	36000	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36800	37000	-200
DCH-32(107)	34mm	3.0 - 3.8	33	43800	44000	-200

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

Centre	Unit	Price		Change
		16-Jun-15	15-Jun-15	
Rajkot	Rs. /10 Kg.	620	615	5
New Delhi	Rs. /10 Kg.	605	605	Unch
Hyderabad	Rs. /10 Kg.	585	585	Unch
Mumbai	Rs. /10 Kg.	612	612	Unch

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

Centre	Unit	Price		Change
		16-Jun-15	15-Jun-15	
Mahesana (Kadi)	Rs./Qtl	1915	1913	2
Akola	Rs./Qtl	1805	1800	5

**INTERNATIONAL PRICES AND INDICES**

China Cotton Index: As on 16/6/2015		
Index	RMB/Ton	Change
CCIndex(328)	13336	3
CCIndex(527)	12203	Unch
CCIndex(229)	14008	3
RMB - Renminbi, 1RMB = 0.16 \$U.S.		

**China Foreign Cotton (FC) Index : As on 16/6/2015**

Index	Cents/lb	Change
FC Index (S)	78.15	-0.80
FC Index (M)	72.26	-0.66
FC Index (L)	70.03	-0.86

**Cotlook Index: As on 15/6/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	72.25	0.40

**USDA Cotton Spot Rates: As on 15/6/2015**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.46	65.71	NIL
North Delta	61.71	64.46	NIL
South Delta	61.71	64.46	NIL
East TX-OK	60.50	62.75	491
West Texas	60.50	62.75	544
Desert SW	60.96	67.46	NIL
SJ Valley	61.96	71.86	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 15/6/2015**

Contract	Open	High	Low	Close	Change
15-Jul	64.30	64.32	62.60	63.21	-0.86
15-Oct	66.14	66.14	64.70	64.75	-1.03
15-Dec	64.80	65.00	63.37	63.63	-1.03
16-Mar	65.01	65.11	63.60	63.96	-0.95
16-May	65.16	65.16	64.00	64.38	-0.89
16-Jul	65.37	65.37	64.50	64.89	-0.77

**Pakistan Cotton Spot rates: As on 15/6/2015 (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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