

Domestic Fundamentals:

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

In The News: Minimum Support Price (MSP) of cotton has been revised upwardly for the year 2015-16 by Cabinet Committee on Economic Affairs (CACP) by Rs 50 for each of Medium and Long staple. The MSP of Medium staple cotton has been revised to Rs 3800 per quintal for 2015-16 which was Rs. 3750 in 2014-15. Similarly, the MSP for Long staple has been revised to Rs. 4100 for the upcoming season 2015-16, which was Rs 4050 in the current season.

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.

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	11	900.5	913	898.5	912	1702	653	2674	-244
Spread	Apr-15								
Spot	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 17 June 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jun-15	130	15950	16120	15920	16080	1766	1220	5120	-148
Jul-15	120	16120	16280	16080	16220	850	680	3383	-40
Oct-15	100	16920	17050	16920	17030	33	15	358	4
Dec-15	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--

Spread	Jun-15	Jul-15	Oct-15	Dec-15		--
Spot	--					
Jun-15		-140				
Jul-15			-810			
Oct-15				--		
Dec-15					--	
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(NB: Spread Basis = Spot- Near Month Future)

* Updated at 5:00 pm on 17 June 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		17-Jun-15	16-Jun-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4700	Closed	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	4585	4570	15
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	4650	4670	-20
Adampur	B.T. Cotton	4740	4770	-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	NA	Closed	-
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
	Kapas			
Ahmedabad	Shankar-6	4475	4550	-75
Gondal	Shankar-6	4545	4560	-15
	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	NA	-
Guntur	Un-Ginned	4100	4050	50
Kurnool	Un-Ginned	4150	4050	100
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	4050	4050	Unch
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	3830	3830	Unch
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3640	3645	-5
Sirsa	J-34	3700	3700	Unch
Sri-Ganganagar	J-34	3478	3502	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		17-Jun-15	16-Jun-15	
Amravati	Mech-1	NA	Closed	-
Khandwa	Mech-1	NA	NA	-
Khargaone	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	240	404	-164
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	Closed	-
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	99	90	9
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	1	1	Unch
Kurnool	Un-Ginned	1	1	Unch
Krishna	Un-Ginned	1	1	Unch
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	NA	NA	-
Bhatinda	J-34	NA	NA	-
Sirsa	J-34	43	43	Unch
Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				16-Jun-15	15-Jun-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	34600	35100	-500
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	35100	35600	-500
J-34(202)	26mm	3.5 - 4.9	23	35300	35400	-100
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	33100	33300	-200
Shankar-6(105)	29mm	3.5 – 4.9	28	34100	34200	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35700	35800	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36700	36800	-100
DCH-32(107)	34mm	3.0 - 3.8	33	44200	43800	400

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

Centre	Unit	Price		Change
		17-Jun-15	16-Jun-15	
Rajkot	Rs. /10 Kg.	618	620	-2
New Delhi	Rs. /10 Kg.	605	605	Unch
Hyderabad	Rs. /10 Kg.	580	585	-5
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
		17-Jun-15	16-Jun-15	
Mahesana (Kadi)	Rs./Qtl	1913	1915	-2
Akola	Rs./Qtl	1800	1805	-5

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 17/6/2015		
Index	RMB/Ton	Change
CCIndex(328)	13337	1
CCIndex(527)	12195	-8
CCIndex(229)	14011	3
RMB - Renminbi, 1RMB = 0.16 \$U.S.		

China Foreign Cotton (FC) Index : As on 17/6/2015

Index	Cents/lb	Change
FC Index (S)	79.54	1.39
FC Index (M)	73.57	1.31
FC Index (L)	71.79	1.76

Cotlook Index: As on 16/6/2015

Cotlook Indices	Cents/Pound	Change
A-Index	71.35	-0.90

USDA Cotton Spot Rates: As on 16/6/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	63.68	66.93	NIL
North Delta	62.93	65.68	NIL
South Delta	62.93	65.68	NIL
East TX-OK	61.75	64.00	NIL
West Texas	61.75	64.00	NIL
Desert SW	62.18	68.68	NIL
SJ Valley	63.18	73.08	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 16/6/2015

Contract	Open	High	Low	Close	Change
15-Jul	63.31	65.01	62.73	64.43	1.22
15-Oct	64.50	66.00	64.48	65.88	1.13
15-Dec	63.61	65.16	63.16	64.97	1.34
16-Mar	63.97	65.25	63.39	65.11	1.15
16-May	63.99	65.48	63.99	65.39	1.01
16-Jul	64.50	65.88	64.50	65.78	0.89

Pakistan Cotton Spot rates: As on 16/6/2015 (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	5947

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