

## Domestic Fundamentals:

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

**In The News:** India exported 0.449 lakh bales of cotton last week (08-14 June 2015), which was 0.453 lakh bales previous to last week (31 May-07 June 2015), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.259 lakh bales last week, which was 0.254 lakh bales previous to last week.

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.

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:

Around 91% of cotton planting has been completed in USA as on June 14 this year, which was 81% last week and 94% last year on same date, according to USDA. The five year average sowing progress is 96% as on date, slightly higher than the current sowing pace.

In the month of May, China imported 163,000 tons of cotton, around 14.8 percent lower when compared to the imports during the same month in 2014. China cotton imports has fallen drastically this year after the country announced that it would restrict low-tariff quotas to 894,000 tons, the amount agreed with World Trade Organisation.

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.

### 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	910.5	920	907.5	915.5	1729	27	2441	-233
Spread	Apr-15								
Spot	2.5				--		--		

(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 18 June 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jun-15	20	15970	16000	15930	15960	456	-1310	5070	-50
Jul-15	30	16130	16160	16090	16120	325	-525	3439	56
Oct-15	-20	16890	16970	16880	16940	33	0	383	25
Dec-15	-130	16720	16720	16600	16690	9	9	106	106
--	-280	16750	16750	16600	16700	16	16	211	211
Spread	Jun-15	Jul-15	Oct-15	Dec-15					
Spot	--								
Jun-15		-160							
Jul-15			-820						
Oct-15				250					
Dec-15					--				
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(NB: Spread Basis = Spot- Near Month Future)

\* Updated at 5:00 pm on 18 June 2015

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

Centre	Variety	Prices		Change
		18-Jun-15	17-Jun-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4700	4700	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	4590	4585	5
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	4500	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4670	4650	20
Adampur	B.T. Cotton	4700	4740	-40
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	-
	<b>Kapas</b>			
Ahmedabad	Shankar-6	NR	4475	-
Gondal	Shankar-6	4550	4545	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	4460	NA	-
Guntur	Un-Ginned	4050	4100	-50
Kurnool	Un-Ginned	4050	4150	-100
Krishna	Un-Ginned	NA	4050	-
East Godavari	Un-Ginned	NA	4050	-
	<b>Lint</b>	<b>Rs./Maund (of 37.32kg each)</b>		
Abohar	J-34	3835	3830	5
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3635	3640	-5
Sirsa	J-34	3700	3700	Unch
Sri-Ganganagar	J-34	3478	3478	Unch

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		18-Jun-15	17-Jun-15	
Amravati	Mech-1	NA	NA	-
Khandwa	Mech-1	NA	NA	-
Khargaone	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	403	240	163
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	11	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	NR	3400	-
Gondal	Shankar-6	152	99	53
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	142	NA	-
Guntur	Un-Ginned	1	1	Unch
Kurnool	Un-Ginned	1	1	Unch
Krishna	Un-Ginned	NA	1	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	NA	NA	-
Bhatinda	J-34	NA	NA	-
Sirsa	J-34	26	43	-17
Sri-Ganganagar	J-34	NA	NA	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				17-Jun-15	16-Jun-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	34600	34600	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	35100	35100	Unch
J-34(202)	26mm	3.5 - 4.9	23	35300	35300	Unch
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	33400	33100	300
Shankar-6(105)	29mm	3.5 – 4.9	28	33900	34100	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35500	35700	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36500	36700	-200
DCH-32(107)	34mm	3.0 - 3.8	33	44000	44200	-200

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

Centre	Unit	Price		Change
		18-Jun-15	17-Jun-15	
Rajkot	Rs. /10 Kg.	620	618	2
New Delhi	Rs. /10 Kg.	605	605	Unch
Hyderabad	Rs. /10 Kg.	585	580	5
Mumbai	Rs. /10 Kg.	610	612	-2

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

Centre	Unit	Price		Change
		18-Jun-15	17-Jun-15	
Mahesana (Kadi)	Rs./Qtl	1927	1913	14
Akola	Rs./Qtl	1811	1800	11

**INTERNATIONAL PRICES AND INDICES**

China Cotton Index: As on 18/6/2015		
Index	RMB/Ton	Change
CCIndex(328)	13337	Unch
CCIndex(527)	12190	-5
CCIndex(229)	14016	5
RMB - Renminbi, 1RMB = 0.16 \$U.S.		

**China Foreign Cotton (FC) Index : As on 18/6/2015**

Index	Cents/lb	Change
FC Index (S)	79.17	-0.37
FC Index (M)	73.19	-0.38
FC Index (L)	71.17	-0.62

**Cotlook Index: As on 17/6/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	72.35	1.00

**USDA Cotton Spot Rates: As on 17/6/2015**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	63.87	67.12	NIL
North Delta	63.12	65.87	NIL
South Delta	63.12	65.87	NIL
East TX-OK	61.25	63.50	NIL
West Texas	61.25	63.50	NIL
Desert SW	62.37	68.87	NIL
SJ Valley	63.37	73.27	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 17/6/2015**

Contract	Open	High	Low	Close	Change
15-Jul	64.66	64.71	63.53	63.88	-0.55
15-Oct	66.00	66.05	65.37	65.37	-0.51
15-Dec	65.06	65.16	64.16	64.52	-0.45
16-Mar	65.25	65.26	64.31	64.78	-0.33
16-May	65.29	65.46	64.60	65.18	-0.21
16-Jul	65.68	65.90	65.48	65.62	-0.16

**Pakistan Cotton Spot rates: As on 17/6/2015 (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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