

Domestic Fundamentals:

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

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	-8.5	915	918	906	908	1132	-597	2633	192
Spread	Apr-15								
Spot	8		--				--		

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)

*Updated at 5:50 pm on 18 June 2015

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

SPOT Cotton Futures - Prices in Rs./Tonne									
Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jun-15	-130	15950	15970	15780	15840	768	312	4930	-140
Jul-15	-140	16110	16140	15930	15980	515	190	3521	82
Oct-15	-290	16850	16850	16630	16630	161	128	468	85
Dec-15	-230	16590	16590	16420	16420	41	32	226	120
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Spread	Jun-15	Jul-15	Oct-15	Dec-15			--		
Spot	--								
Jun-15		-140							
Jul-15			-650						
Oct-15				210					
Dec-15							--		
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(NB: Spread Basis = Spot- Near Month Future)

* Updated at 6:00 pm on 18 June 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		20-Jun-15	19-Jun-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	4550	4580	-30
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	4725	25
Adampur	B.T. Cotton	4760	4760	Unch
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	-
	Kapas			
Ahmedabad	Shankar-6	NR	NR	-
Gondal	Shankar-6	4560	4555	5
	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	4665	4700	-35
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	NA	4000	-
Krishna	Un-Ginned	NA	4050	-
East Godavari	Un-Ginned	4050	NA	-
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3825	3830	-5
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3635	3635	Unch
Sirsa	J-34	3700	3710	-10
Sri-Ganganagar	J-34	3478	3455	23

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		20-Jun-15	19-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	441	595	-154
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	NR	NR	-
Gondal	Shankar-6	205	183	22
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	217	472	-255
Guntur	Un-Ginned	NA	1	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	1	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	NA	NA	-
Bhatinda	J-34	NA	NA	-
Sirsa	J-34	51	34	17
Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				20-Jun-15	18-Jun-15	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	34600	34600	Unch
Bengal Deshi (SG)(201)	Below 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	33100	33400	-300
Shankar-6(105)	29mm	3.5 - 4.9	28	33800	33900	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35200	35500	-300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36200	36500	-300
DCH-32(107)	34mm	3.0 - 3.8	33	44000	44000	Unch

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

Centre	Unit	Price		Change
		20-Jun-15	19-Jun-15	
Rajkot	Rs. /10 Kg.	618	615	3
New Delhi	Rs. /10 Kg.	605	605	Unch
Hyderabad	Rs. /10 Kg.	585	590	-5
Mumbai	Rs. /10 Kg.	NA	610	-

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

Centre	Unit	Price		Change
		20-Jun-15	19-Jun-15	
Mahesana (Kadi)	Rs./Qtl	Closed	1931	-
Akola	Rs./Qtl	Closed	1823	-

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 19/6/2015		
Index	RMB/Ton	Change
CCIndex(328)	13335	-2
CCIndex(527)	12188	-2
CCIndex(229)	14016	Unch

RMB - Renminbi, 1RMB = 0.16 \$U.S.

China Foreign Cotton (FC) Index : As on 19/6/2015

Index	Cents/lb	Change
FC Index (S)	79.32	0.15
FC Index (M)	73.32	0.13
FC Index (L)	71.42	0.25

Cotlook Index: As on 19/6/2015

Cotlook Indices	Cents/Pound	Change
A-Index	72.00	0.15

USDA Cotton Spot Rates: As on 19/6/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	63.56	66.81	NIL
North Delta	62.81	65.56	NIL
South Delta	62.81	65.56	NIL
East TX-OK	60.75	63.00	NIL
West Texas	60.75	63.00	NIL
Desert SW	62.06	68.56	NIL
SJ Valley	63.06	72.96	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 19/6/2015

Contract	Open	High	Low	Close	Change
15-Jul	64.00	64.00	62.80	63.32	-0.76
15-Oct	66.12	66.12	64.73	65.06	-0.82
15-Dec	64.66	64.75	63.50	63.90	-0.82
16-Mar	64.67	64.74	63.62	64.03	-0.65
16-May	64.93	64.93	63.99	64.44	-0.57
16-Jul	64.53	65.00	64.53	64.86	-0.57

Pakistan Cotton Spot rates: As on 19/6/2015 (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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