

## Domestic Fundamentals:

**Market Outlook:** Cotton spot market steady to weak tone on Thursday.

**In The News:** India exported 0.439 lakh bales of cotton last week (15-21 June 2015), which was 0.449 lakh bales previous to last week (08-14 June 2015), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.297 lakh bales last week, which was 0.259 lakh bales previous to last week.

According to Investment Information and Credit Rating Agency of India (ICRA), cotton prices in year 2016 is likely to remain range bound despite the expectation of fall in production by 10-15%. ICRA in its report said that in the last four year (CY 2011-12 to 2014-15), the global cotton prices and trade were majorly driven by government policies in various producing and consuming countries, despite the increasing supply and negligible growth in demand.

Cotton Corporation of India (CCI) has sold around 15 lakh bales of cotton so far from the stock of 87 lakh bales which it procured during the current season under the procurement operation, said Indian Cotton Federation (ICF).

Cotton sowing has been started in almost every cotton growing region including Punjab, Haryana, Rajasthan, Gujarat, Maharashtra and Karnataka following the arrival of good rainfall in the states. Cumulative rainfall during 01 June to 22 June in the current monsoon season (starting from 01 June) stood 126.1 mm, around 21% higher than the normal rainfall of 103.8 mm for the same period.

Central Institute for Cotton Research (CICR) has issued the district specific advisory for sowing cotton across the country, considering the difference in the status of monsoon in different states. CICR has suggested the immediate sowing in Maharashtra in the coming week particularly in Jalgaon, Yavatmal, Nanded, Amravati, Buldana and Aurangabad districts as dry situation is expected in the period of July 03-16.

Around 19.66 lakh hectares of cotton has been sown so far throughout the country, as on 19 June this year, which is around 1.7% lower when compared to the sowing progress of last season during the corresponding period which was 20.00 lakh hectares, according to Ministry of Agriculture.

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.

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).

### International Fundamentals:

Around 94% of cotton planting has been completed in USA as on June 21 this year, which was 91% last week and 99% last year on same date, according to USDA. The five year average sowing progress is 100% 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	5	895	904	893.5	900.5	1528	-130	3447	134
Spread	Apr-15								
Spot	-0.5		--		--		--		

(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 25 June 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jul-15	10	15730	15840	15710	15740	787	-718	4781	455
Oct-15	-110	16450	16470	16300	16310	162	13	603	130
Nov-15	-50	16250	16250	16110	16110	8	-9	106	-3
Dec-15	-50	16230	16230	16150	16150	36	-80	643	42
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Spread	Jul-15	Oct-15	Nov-15	Dec-15					
Spot	--								
Jul-15		-570							
Oct-15			200						
Nov-15				-40					
Dec-15					--				
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(NB: Spread Basis = Spot- Near Month Future)

\* Updated at 5:00 pm on 25 June 2015

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

Centre	Variety	Prices		Change
		25-Jun-15	24-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	4500	4560	-60
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	4710	4710	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	-
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4350	4350	Unch
Gondal	Shankar-6	4545	4545	Unch
	<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	4600	4700	-100
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	4050	NA	-
	<b>Lint</b>	<b>Rs/Maund (of 37.32 Kg each)</b>		
Abohar	J-34	3800	3820	-20
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3810	3820	-10
Sirsa	J-34	3650	3680	-30
Sri-Ganganagar	J-34	3431	3431	Unch

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		25-Jun-15	24-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	46	NA	-
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	850	1700	-850
Gondal	Shankar-6	NA	NA	-
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	450	225	225
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	17	NA	-
Sri-Ganganagar	J-34	NA	NA	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				24-Jun-15	23-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	35000	35100	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32500	33000	-500
Shankar-6(105)	29mm	3.5 - 4.9	28	33200	33700	-500
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34700	34900	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35700	35900	-200
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
		25-Jun-15	24-Jun-15	
Rajkot	Rs. /10 Kg.	618	615	3
New Delhi	Rs. /10 Kg.	605	605	Unch
Hyderabad	Rs. /10 Kg.	585	585	Unch
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
		25-Jun-15	24-Jun-15	
Mahesana (Kadi)	Rs./Qtl	1925	1921	4
Akola	Rs./Qtl	1813	1818	-5

**INTERNATIONAL PRICES AND INDICES**

China Cotton Index: As on 25/6/2015		
Index	RMB/Ton	Change
CCIndex(328)	13297	Unch
CCIndex(527)	12172	-8
CCIndex(229)	14001	5
RMB - Renminbi, 1RMB = 0.16 \$U.S.		

**China Foreign Cotton (FC) Index : As on 25/6/2015**

Index	Cents/lb	Change
FC Index (S)	78.57	Unch
FC Index (M)	72.28	Unch
FC Index (L)	71.08	Unch

**Cotlook Index: As on 24/6/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	71.7	-0.35

**USDA Cotton Spot Rates: As on 24/6/2015**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	66.59	63.34	NIL
North Delta	65.34	62.59	NIL
South Delta	65.34	62.59	NIL
East TX-OK	62.75	60.50	NIL
West Texas	62.75	60.50	NIL
Desert SW	68.34	61.84	528
SJ Valley	72.74	62.84	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 24/6/2015**

Contract	Open	High	Low	Close	Change
15-Jul	63.25	64.34	62.50	63.76	0.18
15-Oct	65.45	65.57	64.76	64.84	-0.64
15-Dec	64.97	64.97	64.05	64.59	0.04
16-Mar	64.92	64.92	64.10	64.60	-0.02
16-May	65.25	65.25	64.56	64.98	0.03
16-Jul	65.24	65.36	65.01	65.36	0.08

**Pakistan Cotton Spot rates: As on 24/6/2015 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5200	150	5350
Equivalent	40 Kgs	5573	160	5733

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