

## Domestic Fundamentals:

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

**In The News:** Around 54.31% of the cotton sowing has been completed in Gujarat, according to State Agriculture Department. Area sown under cotton as on 29 June 2015 stood 14.80 lakh hectares in Gujarat against the total normal area of 27.26 lakh hectares.

Around 34.87 lakh hectares of cotton has been sown so far throughout the country, as on 26 June this year, which is around 19.95% higher when compared to the sowing progress of last season during the corresponding period which was 29.07 lakh hectares, according to Ministry of Agriculture.

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.

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.

### International Fundamentals:

The world biggest cotton consumer, China would sell the initial volume of 1 million tonnes of cotton from its state reserve during July and August in the current year, according to country's top planner. 330000 tonnes of domestic cotton from the 2011 crop with the floor price of 13,200 Yuan per tonne, 470,000 tonnes of domestic cotton from 2012 at 14,200 Yuan per tonne, and 200,000 tonnes of imported cotton from the 2012 crop at 15,500 Yuan per tonne would be offered at Beijing for the sale.

The International Cotton Advisory Committee (ICAC) has revised the world cotton ending stocks estimates for season 2015-16 upwardly. According to ICAC July estimates, cotton ending stocks is likely to be around 20.90 million tonnes as compared to 20.79 million tonnes, which was earlier estimated in June.

USDA has slashed down the cotton acreage estimates for the country. In its June estimates, USDA gave the estimate of 8.998 million acre to be planted cotton, which was projected at 9.549 million acres in March and the trade estimate for the same was 9.429 million acre. It should be noted that the actual area under cotton in 2014-15 was 11.037 million acres.

### Outlook

We expect domestic prices to remain range bound to firm in near term.

#### NCDEX Kapas Futures\*: (Prices in Rs/20kg)

| Contract | +/-    | Open | High | Low   | Close | Volume | Change | OI   | Change |
|----------|--------|------|------|-------|-------|--------|--------|------|--------|
| Apr-16   | 6      | 916  | 924  | 912.5 | 919.5 | 1802   | 38     | 2939 | 176    |
|          |        |      |      |       |       |        |        |      |        |
| 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 02 July 2015

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

| Contract | +/-    | Open   | High   | Low    | Close | Volume | Change | OI   | Change |
|----------|--------|--------|--------|--------|-------|--------|--------|------|--------|
| Jul-15   | -50    | 16150  | 16190  | 16090  | 16110 | 313    | -857   | 4963 | -56    |
| Oct-15   | -40    | 16840  | 16850  | 16780  | 16780 | 46     | -109   | 991  | 61     |
| Nov-15   | --     | --     | --     | --     | --    | --     | --     | --   | --     |
| Dec-15   | --     | --     | --     | --     | --    | --     | --     | --   | --     |
| --       | --     | --     | --     | --     | --    | --     | --     | --   | --     |
|          |        |        |        |        |       |        |        |      |        |
| Spread   | Jul-15 | Oct-15 | Nov-15 | Dec-15 |       |        |        |      |        |
| Spot     | --     |        |        |        |       |        |        |      | --     |
| Jul-15   |        | -670   |        |        |       |        |        |      |        |
| Oct-15   |        |        | 150    |        |       |        |        |      |        |
| Nov-15   |        |        |        | --     |       |        |        |      |        |
| Dec-15   |        |        |        |        | --    |        |        |      |        |
| --       |        |        |        |        |       |        |        |      |        |

(NB: Spread Basis = Spot- Near Month Future)

\* Updated at 5:00 pm on 02 July 2015

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

| Centre                 | Variety         | Prices                             |          | Change |
|------------------------|-----------------|------------------------------------|----------|--------|
|                        |                 | 2-Jul-15                           | 1-Jul-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>    | <b>(Rs./Qtl)</b>                   |          |        |
| Mahesana(Kadi)         | B.T. Cotton     | NA                                 | NA       | -      |
| Rajkot                 | B.T. Cotton     | 4685                               | 4600     | 85     |
| 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     | 4675                               | 4650     | 25     |
| Adampur                | B.T. Cotton     | 4750                               | 4700     | 50     |
| 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>    | <b>(Rs./Qtl)</b>                   |          |        |
| Ahmedabad              | Shankar-6       | NA                                 | NA       | -      |
| Gondal                 | Shankar-6       | 4695                               | 4630     | 65     |
|                        | <b>Kapas</b>    | <b>(Rs./Qtl)</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     | 4655                               | 4657     | -2     |
| Guntur                 | Un-Ginned       | NA                                 | NA       | -      |
| Kurnool                | Un-Ginned       | NA                                 | NA       | -      |
| Krishna                | Un-Ginned       | NA                                 | NA       | -      |
| East Godavari          | Un-Ginned       | 4050                               | 4050     | Unch   |
|                        | <b>Lint</b>     | <b>Rs/Maund (of 37.32 Kg each)</b> |          |        |
| Abohar                 | J-34            | 3830                               | 3825     | 5      |
| Muktsar                | J-34            | NA                                 | NA       | -      |
| Fazilika               | J-34            | NA                                 | NA       | -      |
| Bhatinda               | J-34            | 3815                               | 3825     | -10    |
| Sirsa                  | J-34            | 3720                               | 3740     | -20    |
| Sri-Ganganagar         | J-34            | 3478                               | NA       | -      |

**Cotton Arrivals in Key Centers:**

| Centre                 | Variety         | Arrivals (Qtl) |          | Change |
|------------------------|-----------------|----------------|----------|--------|
|                        |                 | 2-Jul-15       | 1-Jul-15 |        |
| Amravati               | Mech-1          | NA             | NA       | -      |
| Khandwa                | Mech-1          | NA             | NA       | -      |
| Khargaan               | Mech-1          | NA             | NA       | -      |
|                        |                 |                |          |        |
| Mahesana(Kadi)         | B.T. Cotton     | NA             | NA       | -      |
| Rajkot                 | B.T. Cotton     | 420            | 850      | -430   |
| 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       | NA             | NA       | -      |
| Gondal                 | Shankar-6       | 235            | 292      | -57    |
|                        |                 |                |          |        |
| Jamner (Jalgaon)       | Medium Staple   | NA             | NA       | -      |
| Hathras                | Desi            | NA             | NA       | -      |
| Bijapur                | Bunny           | NA             | NA       | -      |
| Hubli                  | D.C.H.          | NA             | NA       | -      |
| Raichur                | H-44 Cotton     | 300            | 450      | -150   |
| 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            | NA             | 17       | -      |
| Sri-Ganganagar         | J-34            | NA             | NA       | -      |

**Cotton Association of India Spot Rates:**

| Trade Name                            | Staple | Micronaire | Strength / GPT | Rs. Per Candy |           | Change |
|---------------------------------------|--------|------------|----------------|---------------|-----------|--------|
|                                       |        |            |                | 1-Jul-15      | 30-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             | 33200         | 33100     | 100    |
| Shankar-6(105)                        | 29mm   | 3.5 - 4.9  | 28             | 34200         | 34100     | 100    |
| Bunny/ Brahma(105)                    | 31mm   | 3.5 - 4.9  | 30             | 35000         | 34900     | 100    |
| MCU-5/ Surabhi(106)                   | 32mm   | 3.3 - 4.9  | 31             | 36000         | 35900     | 100    |
| 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 |
|-----------|-------------|----------|----------|--------|
|           |             | 2-Jul-15 | 1-Jul-15 |        |
| Rajkot    | Rs. /10 Kg. | 615      | 615      | Unch   |
| New Delhi | Rs. /10 Kg. | 605      | 605      | Unch   |
| Hyderabad | Rs. /10 Kg. | 585      | 590      | -5     |
| Mumbai    | Rs. /10 Kg. | 615      | 595      | 20     |

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

| Centre          | Unit    | Price    |          | Change |
|-----------------|---------|----------|----------|--------|
|                 |         | 2-Jul-15 | 1-Jul-15 |        |
| Mahesana (Kadi) | Rs./Qtl | 1907     | 1913     | -6     |
| Akola           | Rs./Qtl | 1807     | 1804     | 3      |

**INTERNATIONAL PRICES AND INDICES**

| China Cotton Index: As on 02/7/2015 |         |        |
|-------------------------------------|---------|--------|
| Index                               | RMB/Ton | Change |
| CCIndex(328)                        | 13239   | -9     |
| CCIndex(527)                        | 12118   | -3     |
| CCIndex(229)                        | 13900   | -27    |
| RMB - Renminbi, 1RMB = 0.16 \$U.S.  |         |        |

**China Foreign Cotton (FC) Index : As on 02/7/2015**

| Index        | Cents/lb | Change |
|--------------|----------|--------|
| FC Index (S) | 81.08    | -0.40  |
| FC Index (M) | 74.41    | -0.35  |
| FC Index (L) | 72.98    | -0.50  |

**Cotlook Index: As on 01/7/2015**

| Cotlook Indices | Cents/Pound | Change |
|-----------------|-------------|--------|
| A-Index         | 74.80       | 0.50   |

**USDA Cotton Spot Rates: As on 01/7/2015**

| Growth Area | Leaf 4 to<br>Staple 34 | Leaf 3 to Staple<br>35 | Arrivals |
|-------------|------------------------|------------------------|----------|
|             | cents/lb.              |                        | bales    |
| Southeast   | 65.80                  | 69.05                  | NIL      |
| North Delta | 65.05                  | 67.80                  | 3345     |
| South Delta | 65.05                  | 67.80                  | 46       |
| East TX-OK  | 61.50                  | 63.75                  | NIL      |
| West Texas  | 61.50                  | 63.75                  | NIL      |
| Desert SW   | 64.30                  | 70.80                  | NIL      |
| SJ Valley   | 65.30                  | 75.20                  | 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 01/7/2015**

| Contract | Open  | High  | Low   | Close | Change |
|----------|-------|-------|-------|-------|--------|
| 15-Jul   | 67.01 | 67.01 | 66.09 | 66.09 | -1.42  |
| 15-Oct   | 68.60 | 68.60 | 66.81 | 67.30 | -1.61  |
| 15-Dec   | 67.68 | 68.00 | 66.56 | 67.54 | -0.37  |
| 16-Mar   | 67.05 | 67.57 | 66.50 | 67.46 | 0.17   |
| 16-May   | 66.69 | 67.29 | 66.50 | 67.24 | 0.34   |
| 16-Jul   | 66.32 | 67.00 | 66.12 | 67.00 | 0.59   |

**Pakistan Cotton Spot rates: As on 01/7/2015 (in Pakistan Rupees)**

| Product    | Rate for  | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
|------------|-----------|--------------|------------------|-------------------|
| Cotton     | 37.32 Kgs | 5000         | 150              | 5150              |
| Equivalent | 40 Kgs    | 5358         | 160              | 5518              |

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