

Domestic Fundamentals:

Market Outlook: Cotton spot market noticed mixed tone on Monday.

In The News: Around 60.16 lakh hectares of cotton has been sown so far throughout the country, as on 03 July this year, which is around 69.85% higher when compared to the sowing progress of last season during the corresponding period which was 35.42 lakh hectares, according to Ministry of Agriculture.

Cotton Corporation of India (CCI) has sold around 30 lakh bales of cotton so far from the stock of 86.9 lakh bales which it procured during the current season under the procurement operation. CCI sold 29 lakh bales to domestic buyers and 1 lakh bale to Bangladesh. On daily basis it is releasing around 2 lakh bales of cotton for sale.

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.

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 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 in near term.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-16	-1.5	921	922	916	917.5	981	-360	3170	209
Spread	Apr-15								
Spot	20.5		--		--		--		

(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 06 July 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jul-15	-40	16220	16220	16050	16110	293	5	4945	-25
Oct-15	0	16820	16910	16750	16800	64	27	1063	44
Nov-15	-100	16760	16880	16510	16510	16	--	153	--
Dec-15	-30	16550	16930	16500	16500	52	35	1290	48
--	--	--	--	--	--	--	--	--	--

Spread	Jul-15	Oct-15	Nov-15	Dec-15					
Spot	--								
Jul-15		-690							
Oct-15			290						
Nov-15				10					
Dec-15					--				
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(NB: Spread Basis = Spot- Near Month Future)

* Updated at 5:00 pm on 06 July 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		6-Jul-15	4-Jul-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	4690	NA	-
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	4650	Unch
Adampur	B.T. Cotton	4650	4750	-100
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	NA	NA	-
Gondal	Shankar-6	4780	4805	-25
	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	4716	4670	46
Guntur	Un-Ginned	4050	NA	-
Kurnool	Un-Ginned	4050	NA	-
Krishna	Un-Ginned	4050	NA	-
East Godavari	Un-Ginned	4050	NA	-
	Lint	Rs/Maund (of 37.32 kg each)		
Abohar	J-34	3825	3825	Unch
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-

Bhatinda	J-34	3830	3830	Unch
Sirsa	J-34	3740	3720	20
Sri-Ganganagar	J-34	3478	3478	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		6-Jul-15	4-Jul-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	500	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	NA	NA	-
Gondal	Shankar-6	327	120	207
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	315	195	120
Guntur	Un-Ginned	1	NA	-
Kurnool	Un-Ginned	1	NA	-
Krishna	Un-Ginned	1	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	NA	NA	-

Bhatinda	J-34	NA	NA	-
Sirsa	J-34	NA	NA	-
Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				3-Jul-15	2-Jul-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	34400	34400	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	34900	34900	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	33200	Unch
Shankar-6(105)	29mm	3.5 – 4.9	28	34200	34200	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	35000	35000	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36000	36000	Unch
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
		6-Jul-15	4-Jul-15	
Rajkot	Rs. /10 Kg.	610	615	-5
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
		6-Jul-15	4-Jul-15	
Mahesana (Kadi)	Rs./Qtl	1905	Closed	-
Akola	Rs./Qtl	1808	Closed	-

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 06/7/2015		
Index	RMB/Ton	Change
CCIndex(328)	13226	-12
CCIndex(527)	12106	-7
CCIndex(229)	13879	-16
RMB - Renminbi, 1RMB = 0.16 \$U.S.		

China Foreign Cotton (FC) Index : As on 06/7/2015

Index	Cents/lb	Change
FC Index (S)	80.88	Unch
FC Index (M)	74.23	Unch
FC Index (L)	72.73	Unch

Cotlook Index: As on 03/7/2015

Cotlook Indices	Cents/Pound	Change
A-Index	74.30	-0.10

USDA Cotton Spot Rates: As on 02/7/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	66.07	69.32	NIL
North Delta	65.32	68.07	NIL
South Delta	65.32	68.07	NIL
East TX-OK	61.75	64.00	NIL
West Texas	61.75	64.00	NIL
Desert SW	64.57	71.07	NIL
SJ Valley	65.57	75.47	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 02/7/2015

Contract	Open	High	Low	Close	Change
15-Jul	67.52	67.53	66.36	66.36	0.27
15-Oct	67.30	68.00	67.30	67.57	0.27
15-Dec	67.50	68.11	66.83	67.39	-0.15
16-Mar	67.28	67.90	66.76	67.42	-0.04
16-May	66.96	67.67	66.89	67.33	0.09
16-Jul	66.65	67.59	66.64	67.24	0.24

Pakistan Cotton Spot rates: As on 04/7/2015 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	4850	150	5000
Equivalent	40 Kgs	5198	160	5358

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