

Domestic Fundamentals:

Market Outlook: Cotton spot market noticed mostly steady tone on Tuesday.

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:

Agriculture Ministry of Egypt said it would stop cotton imports from all origins to protect local production. The country aims to protect the local growers and resolve marketing issues of cotton by restricting the fiber imports.

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.

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	-4	918	920.5	915.5	916.5	848	-133	2995	-175
Spread	Apr-15								
Spot	26.5				--		--		

(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 07 July 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jul-15	20	16000	16140	16000	16110	451	158	4882	-63
Oct-15	0	16740	16810	16740	16800	71	7	1076	13
Nov-15	-50	16530	16530	16500	16500	4	-12	150	-3
Dec-15	-70	16520	16550	16500	16520	48	-4	1328	38
--	--	--	--	--	--	--	--	--	--

Spread	Jul-15	Oct-15	Nov-15	Dec-15		--
Spot	--					
Jul-15		-690				
Oct-15			300			
Nov-15				-20		
Dec-15					--	
--						

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

* Updated at 5:00 pm on 07 July 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		7-Jul-15	6-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	4715	4690	25
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	4650	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	NA	NA	-
Gondal	Shankar-6	4760	4780	-20
	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	4745	4716	29
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4050	4050	Unch
Krishna	Un-Ginned	NA	4050	-
East Godavari	Un-Ginned	4050	4050	Unch
	Lint	Rs/Maund (of 37.32 Kg each)		
Abohar	J-34	3860	3825	35
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-

Bhatinda	J-34	3850	3830	20
Sirsa	J-34	3740	3740	Unch
Sri-Ganganagar	J-34	NA	3478	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		7-Jul-15	6-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	500	Unch
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	408	327	81
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	180	315	-135
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	NA	NA	-
Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				6-Jul-15	3-Jul-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	34200	34400	-200
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	34700	34900	-200
J-34(202)	26mm	3.5 - 4.9	23	35500	35300	200
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	33000	33200	-200
Shankar-6(105)	29mm	3.5 – 4.9	28	34400	34200	200
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
		7-Jul-15	6-Jul-15	
Rajkot	Rs. /10 Kg.	607	610	-3
New Delhi	Rs. /10 Kg.	605	605	Unch
Hyderabad	Rs. /10 Kg.	580	580	Unch
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
		7-Jul-15	6-Jul-15	
Mahesana (Kadi)	Rs./Qtl	1904	1905	-1
Akola	Rs./Qtl	1808	1808	Unch

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 07/7/2015		
Index	RMB/Ton	Change
CCIndex(328)	13226	Unch
CCIndex(527)	12106	Unch
CCIndex(229)	13868	-11
RMB - Renminbi, 1RMB = 0.16 \$U.S.		

China Foreign Cotton (FC) Index : As on 07/7/2015

Index	Cents/lb	Change
FC Index (S)	80.26	-0.62
FC Index (M)	73.56	-0.67
FC Index (L)	72.19	-0.54

Cotlook Index: As on 06/7/2015

Cotlook Indices	Cents/Pound	Change
A-Index	74.30	Unch

USDA Cotton Spot Rates: As on 06/7/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	65.78	69.03	NIL
North Delta	65.03	67.78	NIL
South Delta	65.03	67.78	NIL
East TX-OK	61.75	64.00	29
West Texas	61.75	64.00	273
Desert SW	64.28	70.78	NIL
SJ Valley	65.28	75.18	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 06/7/2015

Contract	Open	High	Low	Close	Change
15-Jul	66.95	66.95	66.43	66.43	0.07
15-Oct	67.61	67.96	67.00	67.28	-0.29
15-Dec	67.15	67.36	66.41	66.95	-0.44
16-Mar	67.00	67.35	66.41	66.80	-0.62
16-May	66.91	67.21	66.31	66.74	-0.59
16-Jul	66.75	66.89	66.18	66.89	-0.35

Pakistan Cotton Spot rates: As on 06/7/2015 (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

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2015 Indian Agribusiness Systems Pvt. Ltd.