

Domestic Fundamentals:

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

In The News: The Southern India Mills' Association (SIMA) has urged minister of state for textile Santosh Kumar Gangwar to look into the e-auction policy of Cotton Corporation of India (CCI) of selling cotton and instruct CCI to offer at least 50,000 bales - in varied lot sizes and in multiples of 100 bales. It also requested that CCI should offer cotton for sale in each center and each variety in order to help small industry.

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.

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	-5.5	910	910.5	904	906.5	1473	625	2884	-111
Spread	Apr-15								
Spot	29.5				--		--		

(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 08 July 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jul-15	-120	15850	15850	15720	15810	1131	680	4538	-344
Oct-15	-150	16480	16580	16480	16500	225	154	1091	15
Nov-15	-220	16280	16280	16220	16250	18	14	162	12
Dec-15	-140	16250	16270	16180	16200	119	71	1381	53
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Spread	Jul-15	Oct-15	Nov-15	Dec-15					
Spot	--								--
Jul-15		-690							
Oct-15			250						
Nov-15				50					
Dec-15					--				
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(NB: Spread Basis = Spot- Near Month Future)

* Updated at 5:00 pm on 08 July 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		8-Jul-15	7-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	4680	4715	-35
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	4680	4650	30
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	4740	4760	-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	4758	4745	13
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	NA	4050	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	4050	-
	Lint	Rs/Maund (of 37.32 kg each)		
Abohar	J-34	3850	3860	-10
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-

Bhatinda	J-34	3830	3850	-20
Sirsa	J-34	3725	3740	-15
Sri-Ganganagar	J-34	3431	NA	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		8-Jul-15	7-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	350	500	-150
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	627	408	219
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	285	180	105
Guntur	Un-Ginned	1	1	Unch
Kurnool	Un-Ginned	NA	1	-
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	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)	Below 22mm	5.0 - 7.0	15	34200	34400	-200
Bengal Deshi (SG)(201)	Below 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
		8-July-15	7-July-15	
Rajkot	Rs. /10 Kg.	605	607	-2
New Delhi	Rs. /10 Kg.	590	605	-15
Hyderabad	Rs. /10 Kg.	580	580	Unch
Mumbai	Rs. /10 Kg.	610	612	-2

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

Centre	Unit	Price		Change
		8-July-15	7-July-15	
Mahesana (Kadi)	Rs./Qtl	1913	1904	9
Akola	Rs./Qtl	1807	1808	-1

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 08/7/2015		
Index	RMB/Ton	Change
CCIndex(328)	13218	-8
CCIndex(527)	12098	-8
CCIndex(229)	13861	-7
RMB - Renminbi, 1RMB = 0.16 \$U.S.		

China Foreign Cotton (FC) Index : As on 08/7/2015

Index	Cents/lb	Change
FC Index (S)	79.60	-0.66
FC Index (M)	73.01	-0.55
FC Index (L)	71.09	-1.10

Cotlook Index: As on 07/7/2015

Cotlook Indices	Cents/Pound	Change
A-Index	73.80	-0.50

USDA Cotton Spot Rates: As on 07/7/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	64.91	68.16	NIL
North Delta	64.16	66.91	41
South Delta	64.16	66.91	NIL
East TX-OK	60.75	63.00	NIL
West Texas	60.75	63.00	NIL
Desert SW	63.41	69.91	NIL
SJ Valley	64.41	74.31	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 07/7/2015

Contract	Open	High	Low	Close	Change
15-Jul	65.38	65.53	65.00	65.53	-0.90
15-Oct	67.20	67.20	65.75	66.41	-0.87
15-Dec	66.77	66.97	65.06	65.96	-0.99
16-Mar	66.68	66.76	65.00	65.87	-0.93
16-May	66.73	66.73	65.03	66.00	-0.74
16-Jul	66.14	66.14	65.00	66.05	-0.84

Pakistan Cotton Spot rates: As on 07/7/2015 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	4800	150	4950
Equivalent	40 Kgs	5144	160	5304

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