

### Domestic Fundamentals:

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

**In The News:** Around 85.08% of the cotton sowing has been completed in Gujarat, according to State Agriculture Department. Area sown under cotton as on 13 July 2015 stood 23.19 lakh hectares in Gujarat against the total normal area of 27.26 lakh hectares and previous year as on date area of 10.19 lakh hectares.

In Andhra Pradesh, around 18.21% of the cotton planting has been completed so far. Around 1.064 lakh hectares of cotton has been planted as on 08 July 2015 which is around 14.4% higher when compared to the area sown for cotton during the same period last year.

Cotton output in India is likely to be around 6.423 million tones (377.8 lakh bales of 170 kg each.) in the season 2015-16, same as the output of season 2014-15, according to USDA. The country is likely to export 1.023 million tones (60.17 lakh bales of 170 kg each.) of cotton in 2015-16, around 17.45% higher when compared to export in season 2014-15 which was 0.871 million tones (51.23 lakh bales of 170 kg each), said USDA.

Around 87.83 lakh hectares of cotton has been sown so far throughout the country, as on 10 July this year. This is around 94.75% higher when compared to the corresponding sowing progress of last season which was 45.1 lakh hectares, according to Ministry of Agriculture.

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.

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.

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.

### International Fundamentals:

USDA estimated cotton imports to be around 7.41 million tones in 2015-16, around 1.5% lower when compared to the imports in the current season i.e. 2014-15. It should be noted the net fall in the cotton imports is caused by the lower cotton imports by China, otherwise all the major importing nation are expected to import higher in 2015-16.

In its July estimates, USDA estimated world cotton export to be around 7.413 million tones in season 2015-16, around 1.6% lower when compared to export in the current season that is 2014-15. Except India and Uzbekistan, where exports would be on higher side and Burkina where export would remain steady, all the major exporting countries are likely to face fall in exports.

According to the latest estimates by USDA, cotton production on global front is likely to be around 24.26 million tones in 2015-16, around 6.32% lower when compared to the production in 2014-15. Except India and Uzbekistan, where production is likely to remain same as the current year, all the major producing countries will witness fall in production in season 2015-16.

## 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 |
|----------|--------|-------|--------|-----|-------|--------|--------|------|--------|
| Feb-16   | --     | --    | --     | --  | --    | --     | --     | --   | --     |
| Apr-16   | 5.5    | 917.5 | 923    | 917 | 922.5 | 1060   | 248    | 2742 | -32    |
| Spread   | Feb-16 |       | Apr-16 |     |       |        |        |      |        |
| Spot     | --     |       | 27.5   |     |       |        |        |      |        |
| Feb-16   | --     |       | --     |     |       |        |        |      |        |

(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 14 July 2015

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

| Contract | +/-    | Open   | High   | Low    | Close | Volume | Change | OI  | Change |
|----------|--------|--------|--------|--------|-------|--------|--------|-----|--------|
| Jul-15   | 70     | 15930  | 15990  | 15920  | 15960 | 387    | 4349   | 408 | 4412   |
| Oct-15   | 10     | 16710  | 16750  | 16670  | 16690 | 106    | 1243   | 173 | 1228   |
| Nov-15   | 60     | 16470  | 16490  | 16460  | 16470 | 11     | 237    | 6   | 243    |
| Dec-15   | 50     | 16500  | 16500  | 16450  | 16480 | 68     | 1443   | 17  | 1416   |
| --       | --     | --     | --     | --     | --    | --     | --     | --  | --     |
| Spread   | Jul-15 | Oct-15 | Nov-15 | Dec-15 |       |        |        |     |        |
| Spot     | --     |        |        |        |       |        |        |     |        |
| Jul-15   |        | -730   |        |        |       |        |        |     |        |
| Oct-15   |        |        | 220    |        |       |        |        |     |        |
| Nov-15   |        |        |        | -10    |       |        |        |     |        |
| Dec-15   |        |        |        |        | --    |        |        |     |        |
| --       |        |        |        |        |       |        |        |     |        |

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

\* Updated at 5:00 pm on 14 July 2015

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

| Centre                 | Variety         | Prices                              |           | Change |
|------------------------|-----------------|-------------------------------------|-----------|--------|
|                        |                 | 14-Jul-15                           | 13-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>    |                                     |           |        |
| Mahesana(Kadi)         | B.T. Cotton     | NA                                  | NA        | -      |
| Rajkot                 | B.T. Cotton     | 4750                                | 4730      | 20     |
| 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     | 4670                                | 4660      | 10     |
| 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       | NA                                  | NA        | -      |
| Gondal                 | Shankar-6       | 4805                                | 4755      | 50     |
|                        | <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     | 4782                                | 4780      | 2      |
| Guntur                 | Un-Ginned       | NA                                  | 4050      | -      |
| Kurnool                | Un-Ginned       | 4050                                | 4050      | Unch   |
| Krishna                | Un-Ginned       | 4050                                | NA        | -      |
| East Godavari          | Un-Ginned       | 4050                                | NA        | -      |
|                        | <b>Lint</b>     | <b>Rs/Maund (of 37.32 kg each.)</b> |           |        |
| Abohar                 | J-34            | 3805                                | 3805      | Unch   |
| Muktsar                | J-34            | NA                                  | NA        | -      |
| Fazilika               | J-34            | NA                                  | NA        | -      |
| Bhatinda               | J-34            | 3800                                | 3820      | -20    |
| Sirsa                  | J-34            | 3725                                | 3720      | 5      |
| Sri-Ganganagar         | J-34            | 3455                                | 3478      | -23    |

**Cotton Arrivals in Key Centers:**

| Centre                 | Variety         | Arrivals (Qtl) |           | Change |
|------------------------|-----------------|----------------|-----------|--------|
|                        |                 | 14-Jul-15      | 13-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     | 350            | 475       | -125   |
| 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       | 178            | 421       | -243   |
|                        |                 |                |           |        |
| Jamner (Jalgaon)       | Medium Staple   | NA             | NA        | -      |
| Hathras                | Desi            | NA             | NA        | -      |
| Bijapur                | Bunny           | NA             | NA        | -      |
| Hubli                  | D.C.H.          | NA             | NA        | -      |
| Raichur                | H-44 Cotton     | 127            | 307       | -180   |
| 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             | NA        | -      |
| Sri-Ganganagar         | J-34            | NA             | NA        | -      |

**Cotton Association of India Spot Rates:**

| Trade Name                            | Staple | Micronaire | Strength/<br>GPT | Rs. Per Candy |           | Change |
|---------------------------------------|--------|------------|------------------|---------------|-----------|--------|
|                                       |        |            |                  | 13-Jul-15     | 11-Jul-15 |        |
| Bengal Deshi (RG)/Assam Comilla (101) | < 22mm | 5.0 - 7.0  | 15               | 33900         | 33900     | Unch   |
| Bengal Deshi (SG)(201)                | < 22mm | 5.0 - 7.0  | 15               | 34400         | 34400     | Unch   |
| J-34(202)                             | 26mm   | 3.5 - 4.9  | 23               | 35400         | 35300     | 100    |
| H-4/ MECH-1(105)                      | 28mm   | 3.5 – 4.9  | 27               | 32800         | 32800     | Unch   |
| Shankar-6(105)                        | 29mm   | 3.5 – 4.9  | 28               | 34300         | 34300     | 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               | 43700         | 44000     | -300   |

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

| Centre    | Unit        | Price     |           | Change |
|-----------|-------------|-----------|-----------|--------|
|           |             | 14-Jul-15 | 13-Jul-15 |        |
| Rajkot    | Rs. /10 Kg. | 615       | 610       | 5      |
| New Delhi | Rs. /10 Kg. | 590       | 580       | 10     |
| Hyderabad | Rs. /10 Kg. | 580       | 580       | Unch   |
| Mumbai    | Rs. /10 Kg. | 620       | 615       | 5      |

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

| Centre          | Unit    | Price     |           | Change |
|-----------------|---------|-----------|-----------|--------|
|                 |         | 14-Jul-15 | 13-Jul-15 |        |
| Mahesana (Kadi) | Rs./Qtl | 1959      | 1947      | 12     |
| Akola           | Rs./Qtl | 1873      | 1853      | 20     |

**INTERNATIONAL PRICES AND INDICES**

| China Cotton Index: As on 14/7/2015 |         |        |
|-------------------------------------|---------|--------|
| Index                               | RMB/Ton | Change |
| CCIndex(328)                        | 13201   | -2     |
| CCIndex(527)                        | 12098   | 0      |
| CCIndex(229)                        | 13839   | -6     |
| RMB - Renminbi, 1RMB = 0.16 \$U.S.  |         |        |

**China Foreign Cotton (FC) Index : As on 14/7/2015**

| Index        | Cents/lb | Change |
|--------------|----------|--------|
| FC Index (S) | 79.68    | 0      |
| FC Index (M) | 73.26    | 0      |
| FC Index (L) | 70.99    | 0      |

**Cotlook Index: As on 13/7/2015**

| Cotlook Indices | Cents/Pound | Change |
|-----------------|-------------|--------|
| A-Index         | 72.50       | -0.25  |

**USDA Cotton Spot Rates: As on 13/7/2015**

| Growth Area | Leaf 4 to<br>Staple 34 | Leaf 3 to Staple<br>35 | Arrivals |
|-------------|------------------------|------------------------|----------|
|             | cents/lb.              |                        | bales    |
| Southeast   | 64.23                  | 67.48                  | NIL      |
| North Delta | 63.48                  | 66.23                  | NIL      |
| South Delta | 63.48                  | 66.23                  | NIL      |
| East TX-OK  | 59.75                  | 62.00                  | NIL      |
| West Texas  | 59.75                  | 62.00                  | NIL      |
| Desert SW   | 62.73                  | 69.23                  | NIL      |
| SJ Valley   | 63.73                  | 73.63                  | 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 13/7/2015**

| Contract | Open  | High  | Low   | Close | Change |
|----------|-------|-------|-------|-------|--------|
| 15-Jul   | 65.51 | 65.75 | 65.30 | 65.73 | 0.22   |
| 15-Oct   | 65.50 | 65.70 | 65.10 | 65.52 | Unch   |
| 15-Dec   | 65.38 | 65.73 | 65.15 | 65.56 | 0.01   |
| 16-Mar   | 65.28 | 65.70 | 65.25 | 65.62 | -0.05  |
| 16-May   | 65.45 | 66.01 | 65.45 | 65.82 | -0.06  |
| 16-Jul   | 65.13 | 65.42 | 65.13 | 65.42 | 0.05   |

**Pakistan Cotton Spot rates: As on 13/7/2015 (in Pakistan Rupees)**

| Product    | Rate for  | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
|------------|-----------|--------------|------------------|-------------------|
| Cotton     | 37.32 Kgs | 4700         | 150              | 4850              |
| Equivalent | 40 Kgs    | 5037         | 160              | 5197              |

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