

Domestic Fundamentals:

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

In The News: Cotton Corporation of India (CCI) is getting good response for its e-auctions, said India Cotton Federation (ICF). Miller, traders and exporters are buying cotton from CCI according to their current and future requirements. Currently CCI is holding the unsold stock of approximately 62 lakh bales out of approximately 87 lakh, which it procured in the current season under the MSP operation.

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	-31	887	891	887	887	1	--	8	--
Apr-16	1	915	919.5	912	918	889	-171	2717	-25
Spread	Feb-16			Apr-16					
Spot	66			--					
Feb-16	--			-31					

(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 16 July 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jul-15	60	15840	15960	15830	15950	297	-33	4204	-25
Oct-15	40	16650	16670	16620	16670	74	57	1297	41
Nov-15	10	16410	16450	16400	16450	22	19	230	-7
Dec-15	10	16420	16470	16420	16460	22	16	1463	15
--	--	--	--	--	--	--	--	--	--
Spread	Jul-15	Oct-15	Nov-15	Dec-15					
Spot	--								
Jul-15		-720							
Oct-15			220						
Nov-15				-10					
Dec-15					--				
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(NB: Spread Basis = Spot- Near Month Future)

* Updated at 5:00 pm on 16 July 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		16-Jul-15	15-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	4755	4765	-10
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	4600	4650	-50
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	-
	Kapas			
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	4840	4845	-5
	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	4782	4782	Unch
Guntur	Un-Ginned	NA	4050	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	4050	NA	-
East Godavari	Un-Ginned	4050	4050	Unch
	Lint	Rs/Maund (of 37.32 kg each)		
Abohar	J-34	3790	3810	-20
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3800	3790	10
Sirsa	J-34	3750	3730	20
Sri-Ganganagar	J-34	3455	3455	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		16-Jul-15	15-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	260	520	-260
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	263	198	65
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	90	90	Unch
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 / GPT	Rs. Per Candy		Change
				15-Jul-15	14-Jul-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	33700	33700	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	34200	34200	Unch
J-34(202)	26mm	3.5 - 4.9	23	34800	35100	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32900	32900	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	34500	34400	100
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	43700	Unch

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

Centre	Unit	Price		Change
		16-Jul-15	15-Jul-15	
Rajkot	Rs. /10 Kg.	615	615	Unch
New Delhi	Rs. /10 Kg.	600	600	Unch
Hyderabad	Rs. /10 Kg.	580	580	Unch
Mumbai	Rs. /10 Kg.	615	615	Unch

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

Centre	Unit	Price		Change
		16-Jul-15	15-Jul-15	
Mahesana (Kadi)	Rs./Qtl	1960	1965	-5
Akola	Rs./Qtl	1881	1879	2

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 16/7/2015		
Index	RMB/Ton	Change
CCIndex(328)	13185	5
CCIndex(527)	12103	5
CCIndex(229)	13832	0

China Foreign Cotton (FC) Index : As on 16/7/2015

Index	Cents/lb	Change
FC Index (S)	79.24	-0.99
FC Index (M)	72.92	-0.84
FC Index (L)	70.19	-1.36

Cotlook Index: As on 15/7/2015

Cotlook Indices	Cents/Pound	Change
A-Index	73.00	0.50

USDA Cotton Spot Rates: As on 15/7/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	63.82	67.07	NIL
North Delta	63.07	65.82	NIL
South Delta	63.07	65.82	NIL
East TX-OK	59.50	61.75	NIL
West Texas	59.50	61.75	NIL
Desert SW	62.32	68.82	NIL
SJ Valley	63.32	73.22	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 15/7/2015

Contract	Open	High	Low	Close	Change
15-Jul	65.98	66.17	65.00	65.32	-0.85
15-Oct	66.19	66.21	64.60	64.87	-1.26
15-Dec	66.13	66.13	64.65	64.89	-1.22
16-Mar	65.97	65.97	64.69	64.92	-1.10
16-May	66.00	66.00	64.83	65.10	-1.00
16-Jul	65.53	65.53	65.08	65.29	-0.44

Pakistan Cotton Spot rates: As on 15/7/2015 (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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