

Domestic Fundamentals:

Market Outlook: Cotton spot market witnessed range –bound trading on Friday.

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 93.22 lakh hectares of cotton has been sown so far throughout the country, as on 17 July this year. This is around 66.50% higher when compared to the corresponding sowing progress of last season which was 55.99 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.

Egypt's cabinet decide to cancel a temporary ban on cotton imports imposed last week and form a committee to review agricultural policy on cotton.

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 to firm in the near -term.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-16	0	887	887	887	887	1	0	0	-8
Apr-16	-4	915	919.5	913.5	914	897	8	0	-2717
Spread		Feb-16			Apr-16				
Spot		60			--				
Feb-16		--			-27				

(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	-50	15930	15930	15880	15900	243	-54	96629	92425
Oct-15	-90	16630	16630	1658	16580	33	-41	13709	12412
Nov-15	-90	16390	16390	16360	16360	10	-12	4096	3866
Dec-15	-60	16390	16440	16390	16400	69	47	21336	19873
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Spread	Jul-15	Oct-15	Nov-15	Dec-15					
Spot	—								
Jul-15		-680							
Oct-15			220						
Nov-15				-40					
Dec-15					--				
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DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		17-Jul-15	16-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	4735	4755	-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	4600	4600	Unch
Adampur	B.T. Cotton	4800	4750	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	4815	4840	-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	4740	4782	-42
Guntur	Un-Ginned	4050	NA	-
Kurnool	Un-Ginned	4000	NA	-
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	4050	4050	Unch
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3810	3790	20
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3820	3800	20
Sirsa	J-34	3760	3750	10
Sri-Ganganagar	J-34	3455	3455	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		17-Jul-15	16-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	430	260	170
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	192	263	-71
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	90	-
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
		17-Jul-15	16-Jul-15	
Rajkot	Rs. /10 Kg.	615	615	Unch
New Delhi	Rs. /10 Kg.	600	600	Unch
Hyderabad	Rs. /10 Kg.	585	580	5
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
		17-Jul-15	16-Jul-15	
Mahesana (Kadi)	Rs./Qtl	1956	1960	-4
Akola	Rs./Qtl	1889	1881	8

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 17/7/2015		
Index	RMB/Ton	Change
CCIndex(328)	13175	-10
CCIndex(527)	12093	-10
CCIndex(229)	13831	-1

China Foreign Cotton (FC) Index : As on 17/7/2015

Index	Cents/lb	Change
FC Index (S)	79.24	Unch
FC Index (M)	72.92	Unch
FC Index (L)	70.19	Unch

Cotlook Index: As on 16/7/2015

Cotlook Indices	Cents/Pound	Change
A-Index	71.75	-1.25

USDA Cotton Spot Rates: As on 16/7/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	63.80	67.05	NIL
North Delta	63.05	65.80	NIL
South Delta	63.05	65.80	NIL
East TX-OK	59.50	61.75	NIL
West Texas	59.50	61.75	NIL
Desert SW	62.30	68.80	NIL
SJ Valley	63.30	73.20	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 16/7/2015

Contract	Open	High	Low	Close	Change
15-Jul	65.51	65.51	64.87	65.30	-0.02
15-Oct	64.99	65.44	64.71	65.24	0.37
15-Dec	64.87	65.25	64.73	64.96	0.07
16-Mar	64.91	64.95	64.83	64.92	Unch
16-May	65.10	65.10	64.96	65.07	-0.03
16-Jul	65.26	65.26	65.26	65.26	-0.03

Pakistan Cotton Spot rates: As on 16/7/2015 (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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