

**Domestic Fundamentals:**

**Market Outlook:** Cotton spot market noticed weak tone on Wednesday.

**In The News:** Cotton export to China from India has declined by 56.72 per cent in 2014-15, which has caused cotton prices in domestic market to fall drastically. In year 2014-15 India exported only 26 lakh bales of cotton to China in 2014-15 against 61 lakh bales in 2013-14. Citing the situation, Commerce and Industry Minister Nirmala Sitharaman said in the written reply to Rajya Sabha that due to this reason cotton domestic prices are ruling weaker as compared to the previous year and cotton policy adopted by China is the major cause for less imports.

According to the officials, India is likely to sell its cotton to Thailand too, after succeeding in selling cotton to Bangladesh. One of the biggest mills in Thailand has shown interest in buying cotton from India. According to the CCI officials, samples of cotton from India have approved and CCI is all set to get buyers from Thailand, besides Bangladesh.

Around 86.02% of the cotton sowing has been completed in Gujarat, according to State Agriculture Department. Area sown under cotton as on 20 July 2015 stood 23.45 lakh hectares in Gujarat against the total normal area of 27.26 lakh hectares and previous year as on date area of 17.77 lakh hectares.

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.

In Andhra Pradesh, around 20.49% of the cotton planting has been completed so far. Around 1.19 lakh hectares of cotton has been planted as on 15 July 2015 which is around 40% lower when compared to the area sown for cotton during the same period last year which was 1.96 lakh hectares.

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.

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.

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.

### 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.

### Outlook

We expect domestic prices to remain range bound to weak in the near -term.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-16	--	--	--	--	--	--	--	--	--
Apr-16	-7.00	862.50	867.50	852.50	856.50	1610	-	2681	-
Spread	Feb-16			Apr-16					
Spot	--			--					
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 24 July 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jul-15	+40.00	14780.00	14860.00	14750.00	14840.00	255	-254	1185	-125
Oct-15	-10.00	16140.00	16200.00	16080.00	16140.00	153	-249	1783	55
Nov-15	+10.00	15900.00	15900.00	15840.00	15890.00	44	-18	390	34
Dec-15									-
--	--	--	--	--	--	--	--	--	--
Spread	Jul-15	Oct-15	Nov-15	Dec-15					
Spot									
Jul-15									
Oct-15									
Nov-15									
Dec-15									
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(NB: Spread Basis = Spot- Near Month Future)

\* Updated at 5:00 pm on 24 July 2015

### DOMESTIC PRICES AND ARRIVALS

#### Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		29-Jul-15	28-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	NA	NA	-
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	4500	4550	-50
Adampur	B.T. Cotton	4600	4675	-75
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	NA	NA	-
	<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	4670	4747	-77
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	4050	4050	Unch
	<b>Lint</b>	<b>Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	3770	3780	-10
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3765	3780	-15
Sirsa	J-34	3700	3740	-40
Sri-Ganganagar	J-34	3525	3525	Unch

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		29-Jul-15	28-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	NA	NA	-
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	NA	NA	-
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	NA	-
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	Rs. Per Candy	Change
				15-Jul-15	14-Jul-15	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	33700	33700	Unch
Bengal Deshi (SG)(201)	Below 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
		29-Jul-15	28-Jul-15	
Rajkot	Rs. /10 Kg.	600	608	-8
New Delhi	Rs. /10 Kg.	590	590	Unch
Hyderabad	Rs. /10 Kg.	590	590	Unch
Mumbai	Rs. /10 Kg.	605	605	Unch

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

Centre	Unit	Price		Change
		29-Jul-15	28-Jul-15	
Mahesana (Kadi)	Rs./Qtl	1925	1979	-54
Akola	Rs./Qtl	1996	1921	75

**INTERNATIONAL PRICES AND INDICES**

China Cotton Index: As on 29/7/2015		
Index	RMB/Ton	Change
CCIndex(328)	13149	-1
CCIndex(527)	12040	-2
CCIndex(229)	13790	-5

**China Foreign Cotton (FC) Index : As on 27/7/2015**

Index	Cents/lb	Change
FC Index (S)	78.63	0.20
FC Index (M)	72.13	Unch
FC Index (L)	69.44	Unch

**Cotlook Index: As on 28/7/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	70.75	-0.70

**USDA Cotton Spot Rates: As on 28/7/2015**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.88	66.13	NIL
North Delta	62.13	64.88	NIL
South Delta	62.13	64.88	NIL
East TX-OK	58.75	61.00	170
West Texas	58.75	61.00	NIL
Desert SW	61.38	67.88	NIL
SJ Valley	62.38	72.28	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 28/7/2015**

Contract	Open	High	Low	Close	Change
15-Oct	64.13	64.59	63.30	64.38	0.07
15-Dec	63.87	64.98	63.56	64.60	0.80
16-Mar	63.83	64.75	63.48	64.50	0.72
16-May	64.15	64.78	63.75	64.72	0.64
16-Jul	64.50	65.16	64.10	65.03	0.65
16-Oct	64.95	65.21	64.95	65.21	0.10

Pakistan Cotton Spot rates: As on 28/7/2015 (in Pakistan Rupees)				
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	4650	150	4800
Equivalent	40 Kgs	4983	160	5143

#### Disclaimer

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