

Domestic Fundamentals:

Market Outlook: Cotton spot market noticed steady tone on Friday.

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 firm in the near -term.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-16	--	--	--	--	--	--	--	--	--
Apr-16	-8	855	855	848	849	1009	-534	2765	181
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 6:00 pm on 31 July 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jul-15	-200	14670	14890	14360	14750	566	356	810	-125
Oct-15	-110	16160	16170	15970	16020	460	-217	1974	681
Nov-15	-140	15750	15770	15660	15670	82	-832	430	-1382
Dec-15	-150	15730	15730	15640	15640	84	-126	2038	1103
--	--	--	--	--	--	--	--	--	--
Spread	Jul-15	Oct-15	Nov-15	Dec-15					
Spot									
Jul-15									
Oct-15									
Nov-15									
Dec-15									
--									

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

* Updated at 6:00 pm on 31 July 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		31-Jul-15	30-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	4610	4595	15
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	4500	Unch
Adampur	B.T. Cotton	4625	4625	Unch
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	NA	NA	-
	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	4520	4500	20
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	NA	4050	-
Krishna	Un-Ginned	4300	NA	-
East Godavari	Un-Ginned	4050	NA	-
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3675	3725	-
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	Unch
Bhatinda	J-34	3730	3745	-
Sirsa	J-34	3650	3650	15
Sri-Ganganagar	J-34	NA	3516	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		31-Jul-15	30-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	150	200	-50
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	69	-
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
		31-Jul-15	30-Jul-15	
Rajkot	Rs. /10 Kg.	605	600	5
New Delhi	Rs. /10 Kg.	590	590	Unch
Hyderabad	Rs. /10 Kg.	595	590	5
Mumbai	Rs. /10 Kg.	602	605	-3

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

Centre	Unit	Price		Change
		31-Jul-15	30-Jul-15	
Mahesana (Kadi)	Rs./Qtl	1980	1984	-4
Akola	Rs./Qtl	1932	1928	4

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 31/7/2015		
Index	RMB/Ton	Change
CCIndex(328)	13138	-5
CCIndex(527)	12039	Unch
CCIndex(229)	13778	-7

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 30/7/2015		
Cotlook Indices	Cents/Pound	Change
A-Index	70.90	-0.60

USDA Cotton Spot Rates: As on 30/7/2015			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.16	65.41	NIL
North Delta	61.41	64.16	NIL
South Delta	61.41	64.16	NIL
East TX-OK	58.00	60.25	NIL
West Texas	58.00	60.25	NIL
Desert SW	60.66	67.16	NIL
SJ Valley	61.66	71.56	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 30/7/2015					
Contract	Open	High	Low	Close	Change
15-Oct	63.89	64.21	63.66	63.66	-0.23
15-Dec	63.80	64.07	63.50	63.55	-0.34
16-Mar	63.75	64.00	63.47	63.57	-0.31
16-May	64.01	64.05	63.84	63.86	-0.28
16-Jul	64.40	64.40	64.18	64.18	-0.31
16-Oct	64.37	64.37	64.37	64.37	-0.30

Pakistan Cotton Spot rates: As on 30/7/2015 (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

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2015 Indian Agribusiness Systems Pvt. Ltd.