

Domestic Fundamentals:

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

In The News: The inability of Cotton Corporation of India (CCI) to sell the cotton, which it procured under MSP operation is likely to lead to the bulged cotton stock in the country. According to Cotton Association of India (CAI) cotton inventory are likely to increase by around 25% to 7.39 million bales in 2014-15 as compared to 5.89 million bales a year ago. Following the situation cotton prices are likely to go southwards further.

Around 101.91 lakh hectares of cotton has been sown so far throughout the country, as on 31 July this year. This is around 2.79% lower when compared to the corresponding sowing progress of last season which was 104.84 lakh hectares, according to Ministry of Agriculture.

Around 88.86% of the cotton sowing has been completed in Gujarat, according to State Agriculture Department. Area sown under cotton as on 27 July 2015 stood 24.23 lakh hectares in Gujarat against the total normal area of 27.26 lakh hectares and previous year as on date area of 25.84 lakh hectares.

In Andhra Pradesh, around 47.72% of the cotton planting has been completed so far. Around 2.78 lakh hectares of cotton has been planted as on 29 July 2015 which is around 53.3% lower when compared to the area sown for cotton during the same period last year which was 5.98 lakh hectares.

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.

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.

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			350						
Nov-15				30					
Dec-15									
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(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
		1-Aug-15	31-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	4635	4610	25
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	4140	4520	-380
Guntur	Un-Ginned	NA	4050	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	4300	-
East Godavari	Un-Ginned	4050	4050	Unch
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3675	3675	Unch
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-

Bhatinda	J-34	3730	3730	Unch
Sirsa	J-34	3640	3650	-10
Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		1-Aug-15	31-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	200	150	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	93	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		Change
				1-Aug-15	15-Jul-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	33800	33700	100
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	32800	34200	-1400
J-34(202)	26mm	3.5 - 4.9	23	31900	34800	-2900
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	NA	32900	-
Shankar-6(105)	29mm	3.5 - 4.9	28	NA	34500	-
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	NA	35000	-
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	NA	36000	-
DCH-32(107)	34mm	3.0 - 3.8	33	NA	43700	-

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

Centre	Unit	Price		Change
		1-Aug-15	31-Jul-15	
Rajkot	Rs. /10 Kg.	600	605	-5
New Delhi	Rs. /10 Kg.	590	590	Unch
Hyderabad	Rs. /10 Kg.	595	595	Unch
Mumbai	Rs. /10 Kg.	607	602	5

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

Centre	Unit	Price		Change
		1-Aug-15	31-Jul-15	
Mahesana (Kadi)	Rs./Qtl	Closed	1980	-
Akola	Rs./Qtl	Closed	1932	-

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 31/7/2015

Cotlook Indices	Cents/Pound	Change
A-Index	70.65	-0.25

USDA Cotton Spot Rates: As on 31/7/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.51	65.76	NIL
North Delta	61.76	64.51	NIL
South Delta	61.76	64.51	NIL
East TX-OK	58.25	60.50	69
West Texas	58.25	60.50	NIL
Desert SW	61.01	67.51	NIL
SJ Valley	62.01	71.91	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 31/7/2015

Contract	Open	High	Low	Close	Change
15-Oct	63.51	64.34	63.41	64.01	0.35
15-Dec	63.50	64.48	63.27	64.21	0.66
16-Mar	63.49	64.39	63.23	64.20	0.63
16-May	63.75	64.50	63.60	64.45	0.59
16-Jul	64.10	64.81	64.00	64.78	0.60
16-Oct	65.04	65.04	65.04	65.04	0.67

Pakistan Cotton Spot rates: As on 31/7/2015 (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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