

## Domestic Fundamentals:

**Market Outlook:** Cotton spot market noticed mixed tone on Tuesday.

**In The News:** Cotton Association of India (CAI) kept its cotton production estimates for season 2014-15 at 382.75 lakh bales in June, unchanged from the previous month estimates. According to the association, total cotton supply would be around 453.65 lakh bales and the consumption would stand around 315 lakh bales. Total available surplus including exports would be around 138.56 lakh bales.

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.

### 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	-33.5	818.5	818.5	818.5	818.5	16	--	7	--
Apr-16	2	838.5	844	836	841.5	1259	-136	2712	72
Spread	Feb-16			Apr-16					
Spot	115.5			--					
Feb-16	--			-23					

(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 04 August 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-15	-20	15900	15970	15840	15920	231	-99	2071	73
Nov-15	50	15540	15690	15540	15650	88	-45	526	29
Dec-15	60	15550	15680	15500	15660	158	-104	2174	39
--	--	--	--	--	--	--	--	--	--
Spread	Oct-15	Nov-15	Dec-15	--			--		
Spot	--								
Oct-15		270							
Nov-15			-10						
Dec-15				--					
--									

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

\* Updated at 5:00 pm on 04 August 2015

**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Markets:**

Centre	Variety	Prices		Change
		4-Aug-15	3-Aug-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	4670	4655	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	4650	4625	25
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>	<b>(Rs./Qtl)</b>		
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	4605	4640	-35
	<b>Kapas</b>	<b>(Rs./Qtl)</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	4000	4655	-655
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4050	4050	Unch
Krishna	Un-Ginned	4050	4100	-50
East Godavari	Un-Ginned	4050	4050	Unch
	<b>Lint</b>	<b>Rs./Maund of 37.32kg each)</b>		
Abohar	J-34	3680	3690	-10
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-

Bhatinda	J-34	3700	3715	-15
Sirsa	J-34	3620	3630	-10
Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		4-Aug-15	3-Aug-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	830	-630
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	167	43	124
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	7	52	-45
Guntur	Un-Ginned	1	1	Unch
Kurnool	Un-Ginned	1	1	Unch
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
				3-Aug-15	1-Aug-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	33200	33200	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	33700	33700	Unch
J-34(202)	26mm	3.5 - 4.9	23	33100	32800	300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31500	31900	-400
Shankar-6(105)	29mm	3.5 - 4.9	28	33700	33800	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34200	34300	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35200	35300	-100
DCH-32(107)	34mm	3.0 - 3.8	33	42700	42700	Unch

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

Centre	Unit	Price		Change
		4-Aug-15	3-Aug-15	
Rajkot	Rs. /10 Kg.	595	600	-5
New Delhi	Rs. /10 Kg.	590	590	Unch
Hyderabad	Rs. /10 Kg.	580	590	-10
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
		4-Aug-15	3-Aug-15	
Mahesana (Kadi)	Rs./Qtl	1967	1978	-11
Akola	Rs./Qtl	1925	1934	-9

**INTERNATIONAL PRICES AND INDICES**

<b>China Cotton Index: As on 3/8/2015</b>		
<b>Index</b>	<b>RMB/Ton</b>	<b>Change</b>
CCIndex(328)	13128	<b>-8</b>
CCIndex(527)	12027	<b>-12</b>
CCIndex(229)	13770	<b>-6</b>

<b>China Foreign Cotton (FC) Index : As on 27/7/2015</b>		
<b>Index</b>	<b>Cents/lb</b>	<b>Change</b>
FC Index (S)	78.63	<b>0.20</b>
FC Index (M)	72.13	<b>Unch</b>
FC Index (L)	69.44	<b>Unch</b>

<b>Cotlook Index: As on 3/8/2015</b>		
<b>Cotlook Indices</b>	<b>Cents/Pound</b>	<b>Change</b>
A-Index	70.65	<b>-0.25</b>

<b>USDA Cotton Spot Rates: As on 3/8/2015</b>			
<b>Growth Area</b>	<b>Leaf 4 to Staple 34</b>	<b>Leaf 3 to Staple 35</b>	<b>Arrivals</b>
	<b>cents/lb.</b>		<b>bales</b>
<b>Southeast</b>	63.86	67.11	<b>NIL</b>
<b>North Delta</b>	63.11	65.86	<b>NIL</b>
<b>South Delta</b>	63.11	65.86	<b>NIL</b>
<b>East TX-OK</b>	59.50	61.75	<b>NIL</b>
<b>West Texas</b>	59.50	61.75	<b>NIL</b>
<b>Desert SW</b>	62.36	68.86	<b>NIL</b>
<b>SJ Valley</b>	63.36	73.26	<b>NIL</b>

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

<b>ICE Cotton Futures (Prices in cents/lb.): As on 3/8/2015</b>					
<b>Contract</b>	<b>Open</b>	<b>High</b>	<b>Low</b>	<b>Close</b>	<b>Change</b>
<b>15-Oct</b>	64.06	65.50	63.31	65.36	1.35
<b>15-Dec</b>	64.11	64.11	63.37	64.00	-0.21
<b>16-Mar</b>	63.86	64.04	63.33	63.98	-0.22
<b>16-May</b>	64.20	64.25	63.70	64.23	-0.22
<b>16-Jul</b>	64.09	64.53	64.09	64.48	-0.30
<b>16-Oct</b>	64.74	64.74	64.74	64.74	-0.30

**Pakistan Cotton Spot rates: As on 3/8/2015 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	4600	150	4750
Equivalent	40 Kgs	4930	160	5090

**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.