

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed mixed tone on Tuesday.

In The News: Punjab has formed an inter-state panel to resolve whitefly attack. The consultative and monitoring committee includes scientists and other experts from Punjab, Haryana and Rajasthan. Last year cotton crop was damaged following whitefly attack. The panel is likely to launch a concentrated drive in Abohar, Fazilka and Kaushal areas to avoid the spread of whitefly if any.

Government has increased MSP of kapas by Rs 60. After this increase, support price of medium staple kapas and long staple kapas has reached Rs 3860 per quintal and Rs 4160 per quintal respectively. Farmers may get better returns this year as yield may increase due to better monsoon

Cotton farmers in the state of Punjab and Haryana have decided to shift their crop to paddy and pulses due to extensive damage caused to their crops by whitefly pest. In Haryana, cotton has been sowed in 4.76 lakh hectares till now, as compared to 5 lakh hectares last year during the same period. Similarly, for Punjab, cotton has been sowed in 2.57 lakh hectares till now, as compared to over 3 lakh hectares last year during the same period.

The Cotton Association of India (CAI) has estimated India's cotton output in 2015 -16 at 341.50 lakh bales (of 170 kg each), around 10.8 per cent lower compared to the previous year's production of 383 lakh bales. The projected balance sheet drawn by the CAI for 2015-16 pegs total supply at 429.10 lakh bales, while domestic consumption is seen at 305 lakh bales, thus leaving an available surplus of 124.10 lakh bales.

India exported 0.574 lakh bales of cotton last week (16 -22 May 2016), which was 0.718 lakh bales previous to last week (09 -15 May 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (16 -22 May, 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.259 lakh bales of cotton from India in the past week (16 -22, May 2016). Other major importers were China, Vietnam, Pakistan and Indonesia and their imported volumes were 0.119 lakh bales, 0.070 lakh bales, 0.057 lakh bales and 0.023 lakh bales respectively.

Department of Agriculture, Ministry of Agriculture (MoA) in its second advance estimates, has revised the cotton production estimates downwardly for the season 2015-16 at 306.92 lakh bales (of 170 kg each). For the season 2014-15, the estimate was 346.23 lakh bales according to the first advance estimates for the season.

The Foreign Agriculture Services (FAS), division of USDA has lowered the production forecast for India in its latest report to 356 lakh bales. The reason for the downfall in the revision is lower yield expectation in Punjab and Haryana due to the attack of white fly and impact of pink bollworm in Gujarat.

According to Cotton Association of India (CAI), the arrivals during 2015-16 season up to the end of April 2016 are estimated at 302.40 lakh bales, lower compared to previous year. This reduction in the arrivals of cotton is an indication of a lower crop this season.

International Fundamentals:

According to USDA's economic research reserve, world cotton consumption is expected to reach 110.8 million bales for marketing year 2016-17 which is slightly higher as compared to last year. World cotton production is expected to be 104.4 million bales. Humble growth in global economy and comparatively low cotton prices are expected to support mill use in most countries.

The Chinese government has started the auction of its huge reserves of cotton this month. Stocks of cotton are expected to decline amid decline in Chinese imports and falling domestic production. The US Department of Agriculture has forecast China's cotton stocks to fall by 6% in 2015-16, to 13.9m tons. As expected, prices have started declining recently with the unloading of stocks.

Cotton gins are declining as Arkansas farmers abandon cotton for more profitable crops. The number of gins in the state has declined from 86 to 26 in the past 15 years according to the Arkansas Democrat-Gazette.

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
Con_1	0.00	928	932.5	919	921.5	2800	-599	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	244.5		-
May-17		-	-

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)
*Updated at 5.14 pm on 07 June- 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
July-16	+30	19130	19140	18980	19010	1331	756	622467	-339486
Nov-16	+50	18980	18980	18800	18840	120	-84	56632	39874

Spread	Apr-16	May-16	Jul-16	Nov-16	--	--
Spot	—			-	-	-
July-16		-		-	-	-
Nov-16			170	-	-	-
	—			-	-	-

(NB: Spread Basis = Spot- Near Month Future)
* Updated at 5.14 pm on 07 June 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	7-Jun-16	6-Jun-16	
Gujarat	Ahmedabad	Shankar-6	5500	5550	-50
	Gondal	Shankar-6	5660	5635	25
	Rajkot	B.T. Cotton	5830	5660	170
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5750	5750	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5325	NA	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5600	5400	200
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5535	5550	-15
	Fatehabad	B.T. Cotton	5550	5500	50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	5300	5500	-200
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4300	4300	Unch
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	4100	-
	East Godavari	Un-Ginned	4100	4100	Unch
Karnataka	Bijapur	Bunny	5870	5719	151
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5609	5530	79
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	7-Jun-16	6-Jun-16	
Punjab	Bhatinda	J-34	4100	4060	40

	Abohar	J-34	4125	4070	55
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4050	4000	50
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	7-Jun-16	6-Jun-16	
Gujarat	Ahmedabad	Shankar-6	10200	10200	Unch
	Gondal	Shankar-6	270	251	19
	Rajkot	B.T. Cotton	915	940	-25
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	2500	2200	300
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	16	NA	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	300	100	200
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	340	255	85
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	2500	1000	1500
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	420	170	250
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	45	52	-7
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	7-Jun-16	6-Jun-16	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	NA	NA	-
Rajasthan	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
				6-Jun-16	4-Jun-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	32900	32700	200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	33400	33200	200
J-34(202)	26mm	3.5 - 4.9	23	37100	36700	400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	37100	36600	500
Shankar-6(105)	29mm	3.5 - 4.9	28	37500	37000	500
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39700	39100	600
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40300	39600	700
DCH-32(107)	34mm	3.0 - 3.8	33	52500	52500	Unch

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

Centre	Unit	Price		Change
		7-Jun-16	6-Jun-16	
Rajkot	Rs. /10 Kg.	670	655	15
New Delhi	Rs. /10 Kg.	650	635	15
Hyderabad	Rs. /10 Kg.	630	635	-5
Mumbai	Rs. /10 Kg.	655	650	5

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

Centre	Unit	Price		Change
		7-Jun-16	6-Jun-16	
Mahesana (Kadi)	Rs./Qtl	2532	2495	37

Akola	Rs./Qtl	2465	2422	43
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INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 07-June-2016		
Index	RMB/Ton	Change
CCIndex(328)	12632	13
CCIndex(527)	11642	11
CCIndex(229)	12936	9
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 07-June-2016		
Index	Cents/lb	Change
FC Index (S)	76.99	1.35
FC Index (M)	74.33	1.39
FC Index (L)	72.22	1.75

Cotlook Index: As on 06-June-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	73.00	1.20

USDA Cotton Spot Rates: As on 06-June-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	66.05	69.30	NIL
North Delta	65.80	68.55	NIL
South Delta	65.80	68.55	NIL
East TX-OK	61.50	63.50	143
West Texas	61.50	63.25	753
Desert SW	62.30	68.30	NIL
SJ Valley	63.55	73.45	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 06-June-2016					
Contract	Open	High	Low	Close	Change
Jul-16	63.85	65.90	63.81	65.55	1.63
Oct-16	64.11	66.48	64.11	66.26	1.95
Dec-16	63.91	65.75	63.81	65.54	1.63
Mar-16	64.40	66.07	64.40	65.90	1.61
May-16	64.75	66.23	64.74	66.17	1.56
Jul-16	65.00	66.51	64.98	66.46	1.55

Pakistan Cotton Spot rates: As on 06-June-2016				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5600	135	5735
Equivalent	40 Kgs	6002	145	6147

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