

## Domestic Fundamentals:

**Market Outlook:** Cotton spot prices noticed range –bound to firm tone on Wednesday.

**In The News:** According to government and trade sources, Indian cotton acreage is likely to decline by 5 -7 per cent this season compared to 118 lakh hectares during the previous year. According to early estimates acreage is likely to decline by around 10 lakh hectares. Delay in monsoon, fear of pest attack which crop production previous year and advise by State Governments to decline acreage under cotton are the factors behind likely decline in acreage.

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

The Union Government is planning to develop alternatives to Bt Cotton. The project will be led by the Council of Scientific and Industrial Research (CSIR) and the department of Biotechnology (DBT).

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 than 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 0.618 lakh bales of cotton last week (30 May -05 June 2016), which was 0.523 lakh bales previous to last week (23 -29 May 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (30 May -05 June, 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.257 lakh bales of cotton from India in the past week (30 May -05 June, 2016). Other major importers were Pakistan, Vietnam, China and Taiwan and their imported volumes were 0.112 lakh bales, 0.097 lakh bales, 0.072 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	-0.50	926.5	927	916.5	921	2675	-125	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	239		-
May-17		-	-

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)  
\*Updated at 5.28 pm on 08 June- 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
July-16	140	19110	19220	19070	19150	1690	-359	793550	171083
Nov-16	140	18900	19000	18880	18980	84	36	20836	-35796

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

(NB: Spread Basis = Spot- Near Month Future)  
\* Updated at 5.28 pm on 08 June 2016

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

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	8-Jun-16	7-Jun-16	
Gujarat	Ahmedabad	Shankar-6	5625	5500	125
	Gondal	Shankar-6	5630	5660	-30
	Rajkot	B.T. Cotton	5800	5830	-30
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5750	5750	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5400	5325	75
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5500	5600	-100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5550	5535	15
	Fatehabad	B.T. Cotton	5600	5550	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	5400	5300	100
	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	NA	-
	East Godavari	Un-Ginned	4100	4100	Unch
Karnataka	Bijapur	Bunny	5840	5870	-30
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5635	5609	26
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	8-Jun-16	7-Jun-16	
Punjab	Bhatinda	J-34	4100	4100	Unch

	Abohar	J-34	4110	4125	<b>-15</b>
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
<b>Haryana</b>	Sirsa	J-34	4050	4050	<b>Unch</b>
<b>Rajasthan</b>	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	8-Jun-16	7-Jun-16	
<b>Gujarat</b>	Ahmedabad	Shankar-6	8500	10200	<b>-1700</b>
	Gondal	Shankar-6	243	270	<b>-27</b>
	Rajkot	B.T. Cotton	1110	915	<b>195</b>
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	2000	2500	<b>-500</b>
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	18	16	<b>2</b>
<b>Punjab</b>	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
<b>Haryana</b>	Bhiwani	B.T. Cotton	600	300	<b>300</b>
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	340	340	<b>Unch</b>
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
<b>Rajasthan</b>	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
<b>Madhya Pradesh</b>	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
<b>Maharashtra</b>	Amravati	Mech-1	1800	2500	<b>-700</b>
	Jamner	Medium Staple	NA	NA	-
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
<b>Telangana</b>	Adilabad	Un-Ginned	NA	NA	-
<b>Andhra Pradesh</b>	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
<b>Karnataka</b>	Bijapur	Bunny	370	420	<b>-50</b>
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	37	45	-8
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	8-Jun-16	7-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
				7-Jun-16	6-Jun-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	32900	32900	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	33400	33400	Unch
J-34(202)	26mm	3.5 - 4.9	23	37600	37100	500
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	37600	37100	500
Shankar-6(105)	29mm	3.5 - 4.9	28	38000	37500	500
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40200	39700	500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40800	40300	500
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
		8-Jun-16	7-Jun-16	
Rajkot	Rs. /10 Kg.	675	670	5
New Delhi	Rs. /10 Kg.	650	650	Unch
Hyderabad	Rs. /10 Kg.	630	630	Unch
Mumbai	Rs. /10 Kg.	655	655	Unch

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

Centre	Unit	Price		Change
		8-Jun-16	7-Jun-16	
Mahesana (Kadi)	Rs./Qtl	2540	2532	8
Akola	Rs./Qtl	2477	2465	12

**INTERNATIONAL PRICES AND INDICES**

<b>China Cotton Index: As on 08-June-2016</b>		
<b>Index</b>	<b>RMB/Ton</b>	<b>Change</b>
CCIndex(328)	12637	<b>5</b>
CCIndex(527)	11651	<b>9</b>
CCIndex(229)	12946	<b>10</b>
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<b>China Foreign Cotton (FCE) Index : As on 08-June-2016</b>		
<b>Index</b>	<b>Cents/lb</b>	<b>Change</b>
FC Index (S)	77.25	<b>0.26</b>
FC Index (M)	74.55	<b>0.22</b>
FC Index (L)	72.48	<b>0.26</b>

<b>Cotlook Index: As on 07-June-2016</b>		
<b>Cotlook Indices</b>	<b>Cents/Pound</b>	<b>Change</b>
A-Index	74.50	<b>1.50</b>

<b>USDA Cotton Spot Rates: As on 07-June-2016</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>	66.35	69.60	<b>101</b>
<b>North Delta</b>	66.10	68.85	<b>NIL</b>
<b>South Delta</b>	66.10	68.85	<b>NIL</b>
<b>East TX-OK</b>	61.75	63.75	<b>24</b>
<b>West Texas</b>	61.75	63.50	<b>795</b>
<b>Desert SW</b>	62.60	68.60	<b>NIL</b>
<b>SJ Valley</b>	63.85	73.75	<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

ICE Cotton Futures (Prices in cents/lb.): As on 07-June-2016					
Contract	Open	High	Low	Close	Change
Jul-16	65.56	66.16	65.20	65.85	0.30
Oct-16	66.51	66.79	66.00	66.58	0.32
Dec-16	65.39	66.00	65.13	65.84	0.30
Mar-16	65.82	66.36	65.50	66.25	0.35
May-16	66.08	66.60	65.85	66.51	0.34
Jul-16	66.71	66.89	66.19	66.81	0.35

Pakistan Cotton Spot rates: As on 07-June-2016				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5550	135	5685
Equivalent	40 Kgs	5948	145	6093

### Disclaimer

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