

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed range –bound to weak tone on Friday.

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.

Export of cotton-based textile goods declined in 2015-16 by 2.1 per cent to \$36.2 billion compared to \$37.1 billion in 2014-15. Exports have been declining during the last few months. The high price of domestic cotton, coupled with heavy duties on import of cheaper Chinese varieties, has affected production of cotton goods according to industry officials.

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	-6.50	912	917	901	915.50	3720	2746	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	233.50		-
May-17		-	-

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)
 *Updated at 6.31 pm on 10 June- 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
July-16	+10	19020	19110	18890	19060	1191	579	565091	-272119
Nov-16	+20	18850	18920	18790	18900	28	131	13186	-50608

Spread	Apr-16	May-16	Jul-16	Nov-16	--	--
Spot	—			-	-	-
July-16		-		-	-	-
Nov-16			160	-	-	-
	—			-	-	-

(NB: Spread Basis = Spot- Near Month Future)
 * Updated at 6.31 pm on 10 June 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	10-Jun-16	9-Jun-16	
Gujarat	Ahmedabad	Shankar-6	5700	5750	-50
	Gondal	Shankar-6	5555	5655	-100
	Rajkot	B.T. Cotton	5745	5795	-50
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5750	5750	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5380	5205	175
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5500	5500	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5630	5550	80
	Fatehabad	B.T. Cotton	5600	5600	Unch
	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	5450	-50
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4400	4300	100
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	5939	5959	-20
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	4800	-
	Raichur	H-44 Cotton	5600	5780	-180
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	10-Jun-16	9-Jun-16	
Punjab	Bhatinda	J-34	4120	4120	Unch

	Abohar	J-34	4100	4110	-10
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4070	4070	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	10-Jun-16	9-Jun-16	
Gujarat	Ahmedabad	Shankar-6	8500	10200	-1700
	Gondal	Shankar-6	142	320	-178
	Rajkot	B.T. Cotton	1012	1025	-13
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	1500	1200	300
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	15	28	-13
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	200	200	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	255	340	-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	1500	1200	300
	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	830	610	220
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	36	-
	Raichur	H-44 Cotton	37	82	-45
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	10-Jun-16	9-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
				9-Jun-16	8-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	37700	37500	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	37900	37900	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	38300	38300	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40500	40500	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	41100	41100	Unch
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
		10-Jun-16	9-Jun-16	
Rajkot	Rs. /10 Kg.	670	680	-10
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
		10-Jun-16	9-Jun-16	
Mahesana (Kadi)	Rs./Qtl	2546	2542	4

Akola	Rs./Qtl	2502	2503	-1
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INTERNATIONAL PRICES AND INDICES

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

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

Cotlook Index: As on 09-June-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	74.80	-0.05

USDA Cotton Spot Rates: As on 09-June-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	65.46	68.71	NIL
North Delta	65.21	67.96	NIL
South Delta	65.21	67.96	NIL
East TX-OK	61.75	63.75	717
West Texas	61.75	63.50	1077
Desert SW	61.71	67.71	NIL
SJ Valley	62.96	72.86	NIL
<p>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</p>			

ICE Cotton Futures (Prices in cents/lb.): As on 09-June-2016					
Contract	Open	High	Low	Close	Change
Jul-16	65.67	65.67	64.46	64.96	-0.82
Oct-16	66.14	66.14	65.75	65.93	-0.90
Dec-16	65.76	65.84	64.80	65.30	-0.66
Mar-16	66.00	66.08	65.32	65.74	-0.60
May-16	66.27	66.30	65.75	65.96	-0.60
Jul-16	66.49	66.51	66.21	66.34	-0.52

Pakistan Cotton Spot rates: As on 09-June-2016				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5500	135	5635
Equivalent	40 Kgs	5894	145	6039

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