

Domestic Fundamentals:

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

In The News: According to preliminary report by the government, cotton sowing till date has been covered under 9.87 lakh hectares compared to 14.30 lakh hectares during the same period previous year.

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 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 Thicompared 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	+21.00	927	939.5	926	936.50	3839	119	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	235.50		-
May-17	-	-	-

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)
*Updated at 5.31 pm on 13 June- 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
July-16	+620	19420	19740	19410	19680	2561	1370	1251877	686786
Nov-16	+560	19290	19590	19250	19460	302	-274	146903	133717

Spread	Apr-16	May-16	Jul-16	Nov-16	--	--
Spot	—			-	-	-
July-16		-		-	-	-
Nov-16			220	-	-	-
	—			-	-	-

(NB: Spread Basis = Spot- Near Month Future)
* Updated at 5.31 pm on 13 June 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	13-Jun-16	11-Jun-16	
Gujarat	Ahmedabad	Shankar-6	5750	5625	125
	Gondal	Shankar-6	5885	5785	100
	Rajkot	B.T. Cotton	5860	5795	65
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5625	5750	-125
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5350	5370	-20
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	5720	5630	90
	Fatehabad	B.T. Cotton	5700	5625	75
	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	5450	5600	-150
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4300	4400	-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	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5969	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	13-Jun-16	11-Jun-16	
Punjab	Bhatinda	J-34	4150	4125	25

	Abohar	J-34	4150	4135	15
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4115	4090	25
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	13-Jun-16	11-Jun-16	
Gujarat	Ahmedabad	Shankar-6	8500	8500	Unch
	Gondal	Shankar-6	130	106	24
	Rajkot	B.T. Cotton	975	1120	-145
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	1000	1500	-500
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	21	17	4
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	300	200	100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	340	340	Unch
	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	1600	800	800
	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	NA	NA	-
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	112	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	13-Jun-16	11-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
				11-Jun-16	10-Jun-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	33200	32900	300
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	33700	33400	300
J-34(202)	26mm	3.5 - 4.9	23	38000	37900	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38100	37900	200
Shankar-6(105)	29mm	3.5 - 4.9	28	38500	38300	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40800	40500	300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	41400	41100	300
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
		13-Jun-16	11-Jun-16	
Rajkot	Rs. /10 Kg.	675	670	5
New Delhi	Rs. /10 Kg.	650	650	Unch
Hyderabad	Rs. /10 Kg.	625	625	Unch
Mumbai	Rs. /10 Kg.	665	655	10

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

Centre	Unit	Price		Change
		13-Jun-16	11-Jun-16	
Mahesana (Kadi)	Rs./Qtl	2573	2547	26
Akola	Rs./Qtl	2523	2516	7

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 13-June-2016		
Index	RMB/Ton	Change
CCIndex(328)	12656	11
CCIndex(527)	11706	7
CCIndex(229)	12966	8
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 13-June-2016		
Index	Cents/lb	Change
FC Index (S)	76.50	Unch
FC Index (M)	73.87	Unch
FC Index (L)	71.49	Unch

Cotlook Index: As on 10-June-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	74.05	-0.75

USDA Cotton Spot Rates: As on 10-June-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	65.25	67.50	867
North Delta	65.00	67.75	NIL
South Delta	65.00	67.75	NIL
East TX-OK	61.50	63.50	NIL
West Texas	61.50	63.25	NIL
Desert SW	61.50	67.50	NIL
SJ Valley	62.75	72.65	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 10-June-2016					
Contract	Open	High	Low	Close	Change
Jul-16	65.05	65.51	64.48	64.75	-0.21
Oct-16	65.59	65.96	64.35	64.55	-1.38
Dec-16	65.28	65.91	64.84	65.07	-0.23
Mar-16	65.80	66.34	65.34	65.68	-0.06
May-16	65.66	66.58	65.59	65.92	-0.04
Jul-16	66.04	66.92	65.96	66.32	-0.02

Pakistan Cotton Spot rates: As on 11-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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