

Domestic Fundamentals:

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

In The News: Delay in monsoon and issuance/renewal of crop loans by banks are likely to affect the State government's plan of restricting cotton cultivation in the ongoing kharif to 23 per cent compared to the total cropped area of over 47 per cent during the previous kharif. Another factor supporting cotton cultivation is that sowing can be done by third week of July.

According to preliminary report by the government, cotton sowing as on 17th June, 2016 has been covered under 12.25 lakh hectares compared to 19.66 lakh hectares during the same period previous year.

Indian cotton planting in the 2016 -17 marketing season is likely to decline to the lowest in seven sources according to industry sources. Forecast of good monsoon and pest attack in certain states during the previous season are motivating farmers to switch other crops like sugarcane, peanut and pulses. Cotton planting area is likely to decline to around 11 million hectares in the next marketing year that starts on Oct. 1, the lowest since 2009/10 compared to 11.9 million hectares in the current marketing year.

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 0.526 lakh bales of cotton last week (06 -12 June 2016), which was 0.619 lakh bales previous to last week (30 May -05 June, 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (06 -12 June, 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.347 lakh bales of cotton from India in the past week (06 -12 June, 2016). Other major importers were Vietnam, China, Djibouti and Pakistan and their imported volumes were 0.064 lakh bales, 0.052 lakh bales, 0.029 lakh bales and 0.026 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 the Central Agency for Public Mobilisation and Statistics (CAPMAS), the consumption of locally grown cotton by Egyptian companies declined by around 56% in the second quarter of the agricultural season 2015 -16. During December 2015 – February 2016 period, local companies purchased 76,400 kantar (1 kantar = 45.02 kg) of cotton, compared to consumption of 175,800 kantar in the corresponding period of the previous season. Consumption has declined amid closure of a number of spinning mills.

The Chinese government has started the auction of its huge reserves of cotton. 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.

According to USDA latest report, global 2015/16 cotton ending stocks are revised down this month. World 2015-16 cotton production is projected at 98.15 million bales, 16 per cent below last season. World ending stocks are now projected at 102.08 million bales. For India, production is forecast at 26.8 million bales, same as previous month's estimates and India's crop is estimated 9 per cent below 2014/15 and the lowest since 2009/10.

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	-17.00	913	916.5	902	905.5	4065	1358	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	274.5		-
May-17	-	-	-

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)

*Updated at 5.20 pm on 21 June- 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
July-16	-290	19440	19450	19030	19200	2271	-652	1094090	301442
Nov-16	-190	19150	19150	18900	18970	218	126	103747	-46081

Spread	Apr-16	May-16	Jul-16	Nov-16	--	--
Spot	—			-	-	-
July-16		-		-	-	-
Nov-16			230	-	-	-
	—			-	-	-

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

* Updated at 5.20 pm on 21 June 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	21-Jun-16	20-Jun-16	
Gujarat	Ahmedabad	Shankar-6	5625	5750	-125
	Gondal	Shankar-6	5985	6090	-105
	Rajkot	B.T. Cotton	5900	5925	-25
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5700	5750	-50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5000	5560	-560
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5700	5700	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5800	5850	-50
	Fatehabad	B.T. Cotton	5800	5850	-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	6100	6100	Unch
	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	6119	6069	50
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	21-Jun-16	20-Jun-16	
Punjab	Bhatinda	J-34	4300	4330	-30
	Abohar	J-34	4280	4325	-45

	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4275	4310	-35
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	21-Jun-16	20-Jun-16	
Gujarat	Ahmedabad	Shankar-6	3400	4250	-850
	Gondal	Shankar-6	658	540	118
	Rajkot	B.T. Cotton	915	960	-45
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	700	600	100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5	4	1
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	100	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	600	1000	-400
	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	250	290	-40
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	21-Jun-16	20-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
				20-Jun-16	18-Jun-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	33200	33200	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	33700	33700	Unch
J-34(202)	26mm	3.5 - 4.9	23	39800	39800	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40000	39600	400
Shankar-6(105)	29mm	3.5 - 4.9	28	40300	40300	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42500	42200	300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43000	42800	200
DCH-32(107)	34mm	3.0 - 3.8	33	53800	53400	400

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

Centre	Unit	Price		Change
		21-Jun-16	19-Jun-16	
Rajkot	Rs. /10 Kg.	685	670	15
New Delhi	Rs. /10 Kg.	650	650	Unch
Hyderabad	Rs. /10 Kg.	635	635	Unch
Mumbai	Rs. /10 Kg.	675	670	5

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

Centre	Unit	Price		Change
		21-Jun-16	19-Jun-16	
Mahesana (Kadi)	Rs./Qtl	2575	2575	Unch
Akola	Rs./Qtl	2541	2529	12

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 21-June-2016		
Index	RMB/Ton	Change
CCIndex(328)	12698	12
CCIndex(527)	11750	5
CCIndex(229)	13007	2
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 20-June-2016		
Index	Cents/lb	Change
FC Index (S)	77.51	1.06
FC Index (M)	75.12	1.06
FC Index (L)	72.64	1.38

Cotlook Index: As on 20-June-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	75.05	1.00

USDA Cotton Spot Rates: As on 20-June-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	65.38	67.63	NIL
North Delta	64.88	67.63	NIL
South Delta	64.88	67.63	NIL
East TX-OK	60.25	62.25	NIL
West Texas	60.25	62.00	157
Desert SW	62.63	68.63	NIL
SJ Valley	63.88	73.78	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 20-June-2016					
Contract	Open	High	Low	Close	Change
Jul-16	64.55	65.35	63.94	64.39	-0.18
Oct-16	66.44	66.74	65.03	65.38	-0.87
Dec-16	65.98	66.63	65.39	65.99	0.07
Mar-16	66.26	66.79	65.92	66.56	0.47
May-16	66.76	67.02	66.31	66.91	0.52
Jul-16	67.07	67.40	66.71	67.34	0.59

Pakistan Cotton Spot rates: As on 20-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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