

Domestic Fundamentals:

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

In The News: Cotton sowing has slowed down in Gujarat amid delayed monsoon. According to the State Agriculture Department, cotton sowing has reached 274,300 hectares as on June 20, 2016 compared to 1.34 million hectares during the same period previous year.

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 0.379 lakh bales of cotton last week (13 -19 June 2016), which was 0.526 lakh bales previous to last week (06 -12 June 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (13 -19 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 (13 -19 June, 2016). Other major importers were Vietnam, China, Indonesia and Pakistan and their imported volumes were 0.052 lakh bales, 0.031 lakh bales, 0.013 lakh bales and 0.013 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	+5.50	901	909	900	908	2405	-1660	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	262		-
May-17	-	-	-

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

*Updated at 5.22 pm on 22 June- 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
July-16	-50	19050	19290	199050	19240	1972	299	947518	-146572
Nov-16	-30	18910	19050	18800	18990	181	37	64152	-39595

Spread	Jul-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
July-16		250		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

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

* Updated at 5.22 pm on 22 June 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	22-Jun-16	21-Jun-16	
Gujarat	Ahmedabad	Shankar-6	5875	5625	250
	Gondal	Shankar-6	5875	5985	-110
	Rajkot	B.T. Cotton	5850	5900	-50
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	5700	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5360	5000	360
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	5760	5800	-40
	Fatehabad	B.T. Cotton	5700	5800	-100
	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	5900	6100	-200
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4200	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	6079	6119	-40
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5100	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	22-Jun-16	21-Jun-16	
Punjab	Bhatinda	J-34	4280	4300	-20
	Abohar	J-34	4290	4280	10

	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4250	4275	-25
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	22-Jun-16	21-Jun-16	
Gujarat	Ahmedabad	Shankar-6	3400	3400	Unch
	Gondal	Shankar-6	880	658	222
	Rajkot	B.T. Cotton	830	915	-85
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	700	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	13	5	8
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	200	100	100
	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	300	600	-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	10	250	-240
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	15	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	22-Jun-16	21-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
				21-Jun-16	20-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	39700	39800	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40000	40000	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	40200	40300	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42500	42500	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43000	43000	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	53800	53800	Unch

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

Centre	Unit	Price		Change
		22-Jun-16	21-Jun-16	
Rajkot	Rs. /10 Kg.	685	685	Unch
New Delhi	Rs. /10 Kg.	655	650	5
Hyderabad	Rs. /10 Kg.	635	635	Unch
Mumbai	Rs. /10 Kg.	675	675	Unch

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

Centre	Unit	Price		Change
		22-Jun-16	21-Jun-16	
Mahesana (Kadi)	Rs./Qtl	2589	2575	14
Akola	Rs./Qtl	2531	2541	-10

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 22-June-2016		
Index	RMB/Ton	Change
CCIndex(328)	12717	19
CCIndex(527)	11776	26
CCIndex(229)	13022	15
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 22-June-2016		
Index	Cents/lb	Change
FC Index (S)	76.70	-0.81
FC Index (M)	74.24	-0.81
FC Index (L)	71.53	-1.11

Cotlook Index: As on 21-June-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	75.05	Unch

USDA Cotton Spot Rates: As on 21-June-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	64.02	66.27	NIL
North Delta	63.52	66.27	NIL
South Delta	63.52	66.27	NIL
East TX-OK	59.00	61.00	NIL
West Texas	59.00	60.75	NIL
Desert SW	61.27	67.27	NIL
SJ Valley	62.52	72.42	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 21-June-2016					
Contract	Open	High	Low	Close	Change
Jul-16	64.56	64.69	62.45	62.85	-1.54
Oct-16	65.03	65.03	63.70	64.02	-1.36
Dec-16	66.25	66.46	63.96	64.39	-1.60
Mar-16	66.75	66.90	64.61	65.03	-1.53
May-16	67.05	67.18	65.01	65.50	-1.41
Jul-16	67.40	67.50	65.65	65.96	-1.38

Pakistan Cotton Spot rates: As on 21-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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