

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed mostly firm tone on Tuesday.

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 24th June, 2016 has been covered under 19.07 lakh hectares compared to 34.87 lakh hectares during the same period previous year.

Cotton acreage has declined in north Indian states in the current season 2016-17 especially in Punjab, Haryana and Uttar Pradesh. Sowing is almost complete in these states according to sources. In Haryana, cotton acreage has declined 14 per cent to 5 lakh hectares in 2016-17 crop year compared to 5.8 lakh hectares previous year and in Punjab, area planted under cotton is lower by 43.11 per cent at 2.56 lakh hectares this year compared to 4.5 lakh hectare in 2015-16. In Uttar Pradesh, area under cotton cultivation has declined 19 per cent to 0.17 lakh hectares compared to 0.21 hectares in the corresponding period of previous 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:

The recent auction of cotton reserves by China is likely to support its domestic mill demand and likely to affect India's spun yarn production. According to the latest report by ICRA, the offtake by Chinese mills under ongoing reserve cotton auctions in China has put India's cotton and cotton yarn exports in a cautious mode. As per the report, India's spun yarn production grew at the slowest pace of about 3.2 per cent in the last four years. This slow pace of growth in spun yarn production has been driven by factors like lower domestic consumption and limited growth in exports.

According to a recent attaché report by USDA, seed cotton production in Zimbabwe is expected to recover to around 210,000 MT in the 2016/17 marketing year, after only 80,000 MT was produced in 2015/16 marketing year, due to extreme drought conditions. The recovery is following government's free inputs support program that will reduce the production cost to the farmers.

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	+9.50	915	924	912	923	3282	1113	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	253		-
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 28 June- 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
July-16	+270	19650	19970	19650	19930	2803	-1281	1389296	643288
Nov-16	+130	19550	19710	19550	19670	809	-467	397479	251723

Spread	Jul-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
July-16		260		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

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

* Updated at 5.31 pm on 28 June 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	28-Jun-16	27-Jun-16	
Gujarat	Ahmedabad	Shankar-6	5875	5875	Unch
	Gondal	Shankar-6	6005	5895	110
	Rajkot	B.T. Cotton	5880	5870	10
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5390	5390	Unch
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5800	5700	100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5900	5850	50
	Fatehabad	B.T. Cotton	5900	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	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4350	4350	Unch
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	4100	4100	Unch
	East Godavari	Un-Ginned	4100	4100	Unch
Karnataka	Bijapur	Bunny	6209	6179	30
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5925	6009	-84
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	28-Jun-16	27-Jun-16	
Punjab	Bhatinda	J-34	4350	4320	30

	Abohar	J-34	4365	4335	30
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4325	4300	25
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	28-Jun-16	27-Jun-16	
Gujarat	Ahmedabad	Shankar-6	3400	3400	Unch
	Gondal	Shankar-6	450	1088	-638
	Rajkot	B.T. Cotton	650	775	-125
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	3	15	-12
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	170	255	-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	NA	NA	-
	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	26	30	-4
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	30	52	-22
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	28-Jun-16	27-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
				27-Jun-16	25-Jun-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	33300	33200	100
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	33800	33700	100
J-34(202)	26mm	3.5 - 4.9	23	40200	40000	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41100	40700	400
Shankar-6(105)	29mm	3.5 - 4.9	28	41000	40600	400
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43500	43000	500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44100	43600	500
DCH-32(107)	34mm	3.0 - 3.8	33	54000	54000	Unch

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

Centre	Unit	Price		Change
		28-Jun-16	27-Jun-16	
Rajkot	Rs. /10 Kg.	695	690	5
New Delhi	Rs. /10 Kg.	655	655	Unch
Hyderabad	Rs. /10 Kg.	635	635	Unch
Mumbai	Rs. /10 Kg.	682	680	2

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

Centre	Unit	Price		Change
		28-Jun-16	27-Jun-16	
Mahesana (Kadi)	Rs./Qtl	2607	2598	9
Akola	Rs./Qtl	2607	2598	9

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 28-June-2016		
Index	RMB/Ton	Change
CCIndex(328)	12719	Unch
CCIndex(527)	11789	2
CCIndex(229)	13037	5
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 28-June-2016		
Index	Cents/lb	Change
FC Index (S)	76.56	-0.25
FC Index (M)	73.71	-0.18
FC Index (L)	71.15	-0.17

Cotlook Index: As on 27-June-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	74.55	-1.00

USDA Cotton Spot Rates: As on 27-June-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	64.69	66.94	NIL
North Delta	64.19	66.94	NIL
South Delta	64.19	66.94	NIL
East TX-OK	60.75	62.75	111
West Texas	60.75	62.50	434
Desert SW	61.94	67.94	NIL
SJ Valley	63.19	73.09	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 27-June-2016

Contract	Open	High	Low	Close	Change
Jul-16	65.49	65.49	63.29	63.48	-1.02
Oct-16	64.83	65.70	64.50	64.69	-0.14
Dec-16	64.31	65.40	64.25	64.38	-0.04
Mar-16	65.03	65.88	64.74	64.77	-0.24
May-16	66.17	66.27	65.08	65.08	-0.35
Jul-16	66.65	66.71	65.45	65.45	-0.49

Pakistan Cotton Spot rates: As on 27-June-2016

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5600	135	5735
Equivalent	40 Kgs	6002	145	6147

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