

Domestic Fundamentals:

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

In The News: In the current crop year, the acreage under desi cotton has increased in North India. In the previous year, crop was affected by whitefly in Punjab, Haryana and Rajasthan. The acreage under desi cotton is at a decade high. Desi cotton has been planted in about 72,280 hectares this season compared to 2000 hectares in the previous year. Desi cotton accounts for less than 2 per cent of the total cotton acreage in India.

According to preliminary report by the government, cotton sowing as on 1st July, 2016 has been covered under 30.59 lakh hectares compared to 60.16 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 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 0.237 lakh bales of cotton last week (20 -26 June 2016), which was 0.379 lakh bales previous to last week (13 -19 June 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (20 -26 June, 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.166 lakh bales of cotton from India in the past week (20 -26 June, 2016). Other major importers were Vietnam, Pakistan, China and Taiwan and their imported volumes were 0.036 lakh bales, 0.012 lakh bales, 0.011 lakh bales and 0.007 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 International Cotton Advisory Committee (ICAC), global area under cotton is expected to contract by one per cent to 31 million hectares in 2016-17, the area in India is expected to expand by one per cent to 12 million hectares in 2016-17. Globally, the average yield is projected to improve by five per cent to 735 kg per hectare, which would cause production to increase by five per cent to 23 million tons. In India, cotton production is expected to increase by eight per cent to 6.3 million tons and better monsoons may boost yield by six per cent to 521 kg per hectare, though pest pressure remains a concern

Pakistan's imports of cotton are likely to hold near record highs in the current year to July 2017 following lower domestic output. The country's output of cotton declined by around one-third to 9.7 million bales in 2015 -16 following lack of rainfall in the growing regions. According to All Pakistan Textile Mills Association (APTMA), cotton imports have touched 4 million bales in the current year compared to 1.2 million bales previous year.

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	+4.50	920	926	917.5	921.50	3101	-254	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	273.5		-
May-17	-	-	-

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

*Updated at 7.20 pm on 04 July- 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
July-16	330	20430	20730	20420	20640	2274	227	1168980	-97723
Nov-16	250	20100	20100	19800	19940	643	-208	319825	126642

Spread	Jul-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
July-16		700		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

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

* Updated at 7.20 pm on 04 July 2016

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	4-Jul-16	2-Jul-16	
Gujarat	Ahmedabad	Shankar-6	6000	6000	Unch
	Gondal	Shankar-6	6000	6055	-55
	Rajkot	B.T. Cotton	6000	6000	Unch
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5500	5675	-175
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	6100	5800	300
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6070	6070	Unch
	Fatehabad	B.T. Cotton	6100	6050	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	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4400	4400	Unch
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	4100	4100	Unch
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	6229	6259	-30
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	6039	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	4-Jul-16	2-Jul-16	
Punjab	Bhatinda	J-34	4500	4500	Unch

	Abohar	J-34	4500	4480	20
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4480	4465	15
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	4-Jul-16	2-Jul-16	
Gujarat	Ahmedabad	Shankar-6	850	1700	-850
	Gondal	Shankar-6	102	170	-68
	Rajkot	B.T. Cotton	270	180	90
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	7	3	4
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	200	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	340	170	170
	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	0	-
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	210	270	-60
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	30	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	4-Jul-16	2-Jul-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
				2-Jul-16	1-Jul-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	34200	34200	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	34700	34700	Unch
J-34(202)	26mm	3.5 - 4.9	23	41600	41400	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42400	42400	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	42700	42700	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44800	44800	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45500	45500	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	54100	54100	Unch

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

Centre	Unit	Price		Change
		4-Jul-16	2-Jul-16	
Rajkot	Rs. /10 Kg.	710	700	10
New Delhi	Rs. /10 Kg.	650	655	-5
Hyderabad	Rs. /10 Kg.	650	650	Unch
Mumbai	Rs. /10 Kg.	700	690	10

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

Centre	Unit	Price		Change
		4-Jul-16	2-Jul-16	
Mahesana (Kadi)	Rs./Qtl	2625	2622	3
Akola	Rs./Qtl	2611	2617	-6

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 04-July-2016		
Index	RMB/Ton	Change
CCIndex(328)	13333	48
CCIndex(527)	12287	50
CCIndex(229)	13553	31
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 04-July-2016		
Index	Cents/lb	Change
FC Index (S)	77.26	0.72
FC Index (M)	74.28	0.69
FC Index (L)	71.72	0.65

Cotlook Index: As on 01-July-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	74.85	-1.30

USDA Cotton Spot Rates: As on 01-July-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	65.10	67.35	335
North Delta	64.60	67.35	NIL
South Delta	64.60	67.35	NIL
East TX-OK	61.75	63.75	NIL
West Texas	61.75	63.50	NIL
Desert SW	62.35	68.35	NIL
SJ Valley	63.60	73.50	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 01-July-2016

Contract	Open	High	Low	Close	Change
Jul-16	63.62	63.62	63.62	63.62	0.80
Oct-16	64.62	65.33	64.60	65.10	0.48
Dec-16	64.55	65.18	64.34	64.99	0.82
Mar-16	64.72	65.38	64.71	65.24	0.67
May-16	65.19	65.59	65.04	65.48	0.54
Jul-16	65.62	65.92	65.61	65.85	0.45

Pakistan Cotton Spot rates: As on 02-July-2016

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5900	135	6035
Equivalent	40 Kgs	6323	145	6468

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