

Domestic Fundamentals:

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

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.

According to the official figures, cotton has been sown on 6.1 million acres of land in the current season across the country compared to 6.8 million acres during the same period of last year. About 80 percent of the target has been achieved, but it is 11 percent less than previous year. The government has downward revised cotton production target as well as area and fixed at 14.1 million bales from 7.4 million acres for the season 2016-17 against 15.49 million bales from 7.7 million acres estimated for the just concluded season 2015-16.

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

According to Karachi Cotton Association (KCA), lower output of cotton is expected in the 2016 -17 season compared to previous season. Due to lower production in the previous season and in the coming season, the local textile industry has to import raw cotton and ensure its contribution towards achieving the target of export fixed through exports of value added products as well as earning foreign exchange for the country.

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	+2.00	921.5	927	919	925	2086	-1015	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	270		-
May-17	-	-	-

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

*Updated at 5.36 pm on 05 July- 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
July-16	+140	20590	20850	20550	20810	1976	298	1007364	-161616
Nov-16	+70	19900	20030	19870	20030	483	160	234725	-85100

Spread	Jul-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
July-16		780		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

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

* Updated at 5.36 pm on 05 July 2016

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	5-Jul-16	4-Jul-16	
Gujarat	Ahmedabad	Shankar-6	6000	6000	Unch
	Gondal	Shankar-6	6000	6000	Unch
	Rajkot	B.T. Cotton	6160	6000	160
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	5500	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	6100	6100	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6110	6070	40
	Fatehabad	B.T. Cotton	6100	6100	Unch
	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	4450	4400	50
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	4100	-
	East Godavari	Un-Ginned	4160	NA	-
Karnataka	Bijapur	Bunny	6269	6229	40
	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	5-Jul-16	4-Jul-16	
Punjab	Bhatinda	J-34	4540	4500	40

	Abohar	J-34	4550	4500	50
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4515	4480	35
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	5-Jul-16	4-Jul-16	
Gujarat	Ahmedabad	Shankar-6	850	850	Unch
	Gondal	Shankar-6	190	102	88
	Rajkot	B.T. Cotton	150	270	-120
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	7	-
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	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	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	140	210	-70
	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	5-Jul-16	4-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
				4-Jul-16	2-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	42000	41600	400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42700	42400	300
Shankar-6(105)	29mm	3.5 - 4.9	28	42900	42700	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	45300	44800	500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	46000	45500	500
DCH-32(107)	34mm	3.0 - 3.8	33	54600	54100	500

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

Centre	Unit	Price		Change
		5-Jul-16	4-Jul-16	
Rajkot	Rs. /10 Kg.	712	710	2
New Delhi	Rs. /10 Kg.	655	650	5
Hyderabad	Rs. /10 Kg.	650	650	Unch
Mumbai	Rs. /10 Kg.	700	700	Unch

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

Centre	Unit	Price		Change
		5-Jul-16	4-Jul-16	
Mahesana (Kadi)	Rs./Qtl	2621	2625	-4
Akola	Rs./Qtl	2607	2611	-4

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 05-July-2016		
Index	RMB/Ton	Change
CCIndex(328)	13629	296
CCIndex(527)	12633	346
CCIndex(229)	13876	323
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 05-July-2016		
Index	Cents/lb	Change
FC Index (S)	77.26	Unch
FC Index (M)	74.28	Unch
FC Index (L)	71.72	Unch

Cotlook Index: As on 04-July-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	75.60	0.75

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 04-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	64.6	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 04-July-2016				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5800	135	5935
Equivalent	40 Kgs	6216	145	6361

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