

Domestic Fundamentals:

Market Outlook: Cotton spot prices witnessed steady to firm tone on Thursday.

In The News: According to industry sources, Indian cotton imports is likely to double to around 2 million tons this season compared to 1 million ton in the previous year following higher prices in the domestic market. Price of Bt. Cotton in Rajkot has increased from Rs.3500/Qtl in April to Rs. 5950/Qtl recently as per Agriwatch source. India is importing from Pakistan, West Africa, Brazil and Australia. The new season kharif arrival is likely to be delayed due to late sowing of the crop.

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 | +5.00 | 945 | 950.5 | 941.5 | 945.50 | 5424 | 5171 | 364704 | 0 |
| Con_2 | - | - | - | - | - | - | - | - | - |

| | | | |
|--------|----------|---|---|
| Spread | April-17 | | |
| Spot | 304.50 | | - |
| May-17 | - | - | - |

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

*Updated at 5.45 pm on 07 July- 2016

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

| Contract | +/- | Open | High | Low | Close | Volume | Change | OI | Change |
|----------|------|-------|-------|-------|-------|--------|--------|---------|---------|
| July-16 | +360 | 21370 | 21830 | 21280 | 21560 | 3516 | -3283 | 1898245 | 1794794 |
| Nov-16 | +170 | 20200 | 20460 | 20200 | 20310 | 836 | -774 | 407201 | 386212 |

| | | | | | | |
|---------|--------|--------|--------|--------|----|----|
| Spread | Jul-16 | Nov-16 | Jan-17 | Mar-17 | -- | -- |
| Spot | — | | | - | - | - |
| July-16 | | 1250 | | - | - | - |
| Nov-16 | | | - | - | - | - |
| | — | | | - | - | - |

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

* Updated at 5.45 pm on 07 July 2016

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

| Commodity | Kapas | | Prices (Rs./Quintal) | | Change |
|----------------|---------------|---------------|----------------------|----------|--------|
| State | Centre | Variety | 7-Jul-16 | 6-Jul-16 | |
| Gujarat | Ahmedabad | Shankar-6 | NR | NR | - |
| | Gondal | Shankar-6 | Closed | Closed | - |
| | Rajkot | B.T. Cotton | 6250 | NR | - |
| | Patan | B.T. Cotton | NA | NA | - |
| | Kadi | B.T. Cotton | NA | NA | - |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | 5310 | NR | - |
| Punjab | Fazilika | B.T. Cotton | NA | NA | - |
| | Muktsar | B.T. Cotton | NA | NA | - |
| Haryana | Bhiwani | B.T. Cotton | 6150 | 6150 | Unch |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 6265 | 6200 | 65 |
| | Fatehabad | B.T. Cotton | 6250 | 6150 | 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 | 4400 | 4400 | Unch |
| Andhra Pradesh | Guntur | Un-Ginned | NA | NA | - |
| | Kurnool | Un-Ginned | NA | NA | - |
| | Krishna | Un-Ginned | NA | 4100 | - |
| | East Godavari | Un-Ginned | 4100 | NA | - |
| Karnataka | Bijapur | Bunny | NA | NA | - |
| | 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 | 7-Jul-16 | 6-Jul-16 | |
| Punjab | Bhatinda | J-34 | 4620 | 4570 | 50 |

| | | | | | |
|-----------|----------------|------|------|------|----|
| | Abohar | J-34 | 4630 | 4575 | 55 |
| | Mansa | J-34 | NA | NA | - |
| | Muktsar | J-34 | NA | NA | - |
| | Fazilika | J-34 | NA | NA | - |
| Haryana | Sirsa | J-34 | 4600 | 4540 | 60 |
| Rajasthan | Sri-Ganganagar | J-34 | NA | NA | - |

Cotton Arrivals in Key Centers:

| Commodity | Kapas | | Arrivals (Quintal) | | Change |
|----------------|---------------|---------------|--------------------|----------|--------|
| State | Centre | Variety | 7-Jul-16 | 6-Jul-16 | |
| Gujarat | Ahmedabad | Shankar-6 | NR | NR | - |
| | Gondal | Shankar-6 | Closed | Closed | - |
| | Rajkot | B.T. Cotton | 105 | NR | - |
| | Patan | B.T. Cotton | NA | NA | - |
| | Kadi | B.T. Cotton | NA | NA | - |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | 2 | NR | - |
| Punjab | Fazilika | B.T. Cotton | NA | NA | - |
| | Muktsar | B.T. Cotton | NA | NA | - |
| Haryana | Bhiwani | B.T. Cotton | 200 | 200 | Unch |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 170 | 170 | 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 | 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 | NA | NA | - |
| | 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 | 7-Jul-16 | 6-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 |
|---------------------------------------|------------|------------|------------------|---------------|---------------|--------|
| | | | | 6-Jul-16 | 5-Jul-16 | |
| Bengal Deshi (RG)/Assam Comilla (101) | Below 22mm | 5.0 - 7.0 | 15 | 34000 | 34200 | -200 |
| Bengal Deshi (SG)(201) | Below 22mm | 5.0 - 7.0 | 15 | 34500 | 34700 | -200 |
| J-34(202) | 26mm | 3.5 - 4.9 | 23 | 42400 | 42200 | 200 |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 42900 | 42700 | 200 |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 43100 | 42900 | 200 |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 45500 | 45300 | 200 |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | 46000 | 46000 | Unch |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 55100 | 54600 | 500 |

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

| Centre | Unit | Price | | Change |
|-----------|-------------|----------|----------|--------|
| | | 7-Jul-16 | 6-Jul-16 | |
| Rajkot | Rs. /10 Kg. | 700 | Closed | - |
| New Delhi | Rs. /10 Kg. | Closed | 655 | - |
| Hyderabad | Rs. /10 Kg. | 650 | 645 | 5 |
| Mumbai | Rs. /10 Kg. | 705 | 705 | Unch |

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

| Centre | Unit | Price | | Change |
|-----------------|---------|----------|----------|--------|
| | | 7-Jul-16 | 6-Jul-16 | |
| Mahesana (Kadi) | Rs./Qtl | 2639 | 2623 | 16 |
| Akola | Rs./Qtl | 2620 | 2607 | 13 |

INTERNATIONAL PRICES AND INDICES

| China Cotton Index: As on 07-July-2016 | | |
|---|----------------|---------------|
| Index | RMB/Ton | Change |
| CCIndex(328) | 13638 | 6 |
| CCIndex(527) | 12650 | 15 |
| CCIndex(229) | 13898 | 20 |
| RMB -Renminbi, 1RMB =0.16 \$U.S. | | |

| China Foreign Cotton (FCE) Index : As on 07-July-2016 | | |
|--|-----------------|---------------|
| Index | Cents/lb | Change |
| FC Index (S) | 77.71 | 0.14 |
| FC Index (M) | 74.70 | 0.17 |
| FC Index (L) | 72.04 | 0.02 |

| Cotlook Index: As on 06-July-2016 | | |
|--|--------------------|---------------|
| Cotlook Indices | Cents/Pound | Change |
| A-Index | 75.90 | 0.30 |

| USDA Cotton Spot Rates: As on 06-July-2016 | | | |
|---|----------------------------|----------------------------|-----------------|
| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
| | cents/lb. | | bales |
| Southeast | 65.36 | 67.61 | -2.25 |
| North Delta | 64.86 | 67.61 | -2.75 |
| South Delta | 64.86 | 67.61 | -2.75 |
| East TX-OK | 62.00 | 64.00 | -2.00 |
| West Texas | 62.00 | 63.75 | -1.75 |
| Desert SW | 62.61 | 68.61 | -6.00 |
| SJ Valley | 63.86 | 73.76 | -9.90 |

ICE Cotton Futures (Prices in cents/lb.): As on 06-July-2016

| Contract | Open | High | Low | Close | Change |
|----------|-------|-------|-------|-------|--------|
| Jul-16 | 63.40 | 63.78 | 63.40 | 63.78 | 0.03 |
| Oct-16 | 65.68 | 65.68 | 64.84 | 65.36 | 0.03 |
| Dec-16 | 65.54 | 65.59 | 64.55 | 65.30 | 0.09 |
| Mar-16 | 65.43 | 65.75 | 64.80 | 65.52 | 0.08 |
| May-16 | 65.24 | 65.91 | 65.18 | 65.82 | 0.08 |
| Jul-16 | 65.69 | 66.26 | 65.65 | 66.26 | 0.06 |

Pakistan Cotton Spot rates: As on 05-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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