

Domestic Fundamentals:

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

In The News: In the current season, cotton acreage is likely to decline by 35% as farmers are shifting to other crops like paddy, sugarcane and pulses. The price of good quality extra-long staple cotton expected to be over around Rs 6,000 to Rs 6,200 per quintal in December and January next year and farmers have been asked to go for cotton sowing. In Tamil Nadu, cotton was grown in an area of 0.1 million ha with production of 0.53 million bales (170 kg a bale) during 2014-15.

According to preliminary report by the government, cotton sowing as on 8th July, 2016 has been covered under 67.89 lakh hectares compared to 87.83 lakh hectares during the same period previous year.

According to the data from Union agriculture ministry's department of economics and statistics (DES) shows that area under cotton crop this season has declined to 2.56 lakh hectares in the state, the lowest since 1955-56. In 2015-16, cotton acreage in Punjab was at 4.50 lakh hectares. Acreage has declined mainly due to fear of Whitefly pest attack.

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:

India is backing major cotton growing African countries in their demand for immediate elimination of cotton export subsidies and a timeline for reduction of domestic support by heavily subsidising members such as the US.

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	+2.50	948	956	945.5	947.50	3080	-811	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	323.50		-
May-17	-	-	-

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)
 *Updated at 5.10 pm on 11 July- 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
July-16	+340	21680	22050	21670	21860	1367	1148	747247	-594724
Nov-16	+80	20480	20700	20410	20450	582	-11	278441	-531

Spread	Jul-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
July-16		1410		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

(NB: Spread Basis = Spot- Near Month Future)
 * Updated at 5.10 pm on 08 July 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	11-Jul-16	9-Jul-16	
Gujarat	Ahmedabad	Shankar-6	6050	6075	-25
	Gondal	Shankar-6	5605	6000	-395
	Rajkot	B.T. Cotton	6355	6320	35
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	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	6300	6250	50
	Fatehabad	B.T. Cotton	6250	6250	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	6500	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4350	4100	250
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4150	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6089	NA	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	11-Jul-16	9-Jul-16	
Punjab	Bhatinda	J-34	4700	4680	20

	Abohar	J-34	4715	4685	30
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4670	4670	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	11-Jul-16	9-Jul-16	
Gujarat	Ahmedabad	Shankar-6	1700	1700	Unch
	Gondal	Shankar-6	1888	24	1864
	Rajkot	B.T. Cotton	190	140	50
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	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	213	-43
	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	45	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	11-Jul-16	9-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
				9-Jul-16	8-Jul-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	34200	34300	-100
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	34700	34800	-100
J-34(202)	26mm	3.5 - 4.9	23	43500	43400	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	44200	43800	400
Shankar-6(105)	29mm	3.5 - 4.9	28	44500	44000	500
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	46800	46400	400
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	47300	46900	400
DCH-32(107)	34mm	3.0 - 3.8	33	56000	55600	400

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

Centre	Unit	Price		Change
		9-Jul-16	8-Jul-16	
Rajkot	Rs. /10 Kg.	705	705	Unch
New Delhi	Rs. /10 Kg.	655	655	Unch
Hyderabad	Rs. /10 Kg.	650	650	Unch
Mumbai	Rs. /10 Kg.	695	705	-10

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

Centre	Unit	Price		Change
		9-Jul-16	8-Jul-16	
Mahesana (Kadi)	Rs./Qtl	2616	2616	Unch
Akola	Rs./Qtl	2619	2616	3

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 08-July-2016		
Index	RMB/Ton	Change
CCIndex(328)	13666	28
CCIndex(527)	12650	56
CCIndex(229)	13898	85
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 08-July-2016		
Index	Cents/lb	Change
FC Index (S)	77.71	Unch
FC Index (M)	74.70	Unch
FC Index (L)	72.04	Unch

Cotlook Index: As on 08-July-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	75.95	Unch

USDA Cotton Spot Rates: As on 08-July-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	65.92	68.17	NIL
North Delta	65.42	68.17	NIL
South Delta	65.42	68.17	NIL
East TX-OK	62.75	64.75	528
West Texas	62.75	64.50	425
Desert SW	63.17	69.17	NIL
SJ Valley	64.42	74.32	NIL

ICE Cotton Futures (Prices in cents/lb.): As on 08-July-2016

Contract	Open	High	Low	Close	Change
Jul-16	64.85	66.70	64.85	65.92	0.67
Oct-16	64.90	66.75	64.45	65.81	0.66
Dec-16	64.97	66.73	64.60	65.93	0.73
Mar-16	64.90	66.92	64.90	66.14	0.68
May-16	66.00	67.32	65.97	66.57	0.66
Jul-16	66.84	66.84	66.84	66.84	0.64

Pakistan Cotton Spot rates: As on 11-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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