

Domestic Fundamentals:

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

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 0.184 lakh bales of cotton last week (04 -10 July 2016), which was 0.196 lakh bales previous to last week (27 June -03 July 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (04 -10 July, 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.111 lakh bales of cotton from India in the past week (04 -10 July, 2016). Other major importers were Vietnam, Indonesia, Pakistan and Japan and their imported volumes were 0.047 lakh bales, 0.011 lakh bales, 0.011 lakh bales and 0.002 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 97.92 million bales, 18 per cent below last season. World ending stocks are now projected lower at 100.27 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	+24.50	950	977	950	967.50	8407	3622	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	311.50		-
May-17	-	-	-

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)
 *Updated at 5.15 pm on 13 July- 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
July-16	610	22390	22730	22390	22600	3322	-779	1867185	475068
Nov-16	690	20790	21480	20790	21350	1875	-931	1003395	519009

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

(NB: Spread Basis = Spot- Near Month Future)
 * Updated at 5.15 pm on 13 July 2016

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	13-Jul-16	12-Jul-16	
Gujarat	Ahmedabad	Shankar-6	6260	6250	10
	Gondal	Shankar-6	6425	6255	170
	Rajkot	B.T. Cotton	6500	6395	105
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	5480	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	6150	6200	-50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6420	6300	120
	Fatehabad	B.T. Cotton	6400	6300	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	6500	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4350	4450	-100
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	6361	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	13-Jul-16	12-Jul-16	
Punjab	Bhatinda	J-34	4862	4730	132

	Abohar	J-34	4840	4715	125
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4800	4725	75
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	13-Jul-16	12-Jul-16	
Gujarat	Ahmedabad	Shankar-6	850	850	Unch
	Gondal	Shankar-6	12	70	-58
	Rajkot	B.T. Cotton	160	200	-40
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	3	-
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	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	22	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	13-Jul-16	12-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
				12-Jul-16	11-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	44100	43800	300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	45000	44500	500
Shankar-6(105)	29mm	3.5 - 4.9	28	45300	45200	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	47500	47300	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48200	47800	400
DCH-32(107)	34mm	3.0 - 3.8	33	56600	56300	300

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

Centre	Unit	Price		Change
		13-Jul-16	12-Jul-16	
Rajkot	Rs. /10 Kg.	710	710	Unch
New Delhi	Rs. /10 Kg.	685	685	Unch
Hyderabad	Rs. /10 Kg.	655	655	Unch
Mumbai	Rs. /10 Kg.	708	708	Unch

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

Centre	Unit	Price		Change
		13-Jul-16	12-Jul-16	
Mahesana (Kadi)	Rs./Qtl	2660	2616	44
Akola	Rs./Qtl	2645	2616	29

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 12-July-2016		
Index	RMB/Ton	Change
CCIndex(328)	13666	Unch
CCIndex(527)	12711	61
CCIndex(229)	13983	85
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 13-July-2016		
Index	Cents/lb	Change
FC Index (S)	83.69	2.98
FC Index (M)	80.63	3.00
FC Index (L)	78.18	2.99

Cotlook Index: As on 12-July-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	78.50	2.00

USDA Cotton Spot Rates: As on 12-July-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	71.14	73.39	NIL
North Delta	70.64	73.39	NIL
South Delta	70.64	73.39	NIL
East TX-OK	65.00	67.00	1747.00
West Texas	65.00	66.75	4033.00
Desert SW	68.39	74.39	NIL
SJ Valley	69.64	79.54	NIL

ICE Cotton Futures (Prices in cents/lb.): As on 12-July-2016

Contract	Open	High	Low	Close	Change
Oct-16	68.26	71.14	67.90	71.14	3.00
Dec-16	67.85	70.78	67.37	70.78	3.00
Mar-17	67.75	70.84	67.43	70.84	3.00
May-17	68.05	70.99	68.03	70.99	3.00
Jul-17	68.30	71.25	68.30	71.25	3.00
Oct-17	71.15	71.15	71.15	71.15	2.84

Pakistan Cotton Spot rates: As on 12-July-2016

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5750	135	5885
Equivalent	40 Kgs	6216	145	6254

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