

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed mixed tone on Monday.

In The News: Cotton Corporation Of India will sell its present cotton stock bought under Minimum Support Price to spinning mills belonging to the MSME category, registered with the Office Of Textile Commissioner. Although the cotton stock is enough and is expected to reach 43 lakh bales by the end of september, the Textiles Commissioner has been asked to keep monitoring the situation closely.

According to preliminary report by the government, cotton sowing as on 15th July, 2016 has been covered under 75.41 lakh hectares compared to 93.22 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 Advisory Board has lowered cotton output in 2015-16 season on lower acreage. Cotton production estimates are 12 per cent lower at 338 lakh bales in 2015 -16 season compared to 386 lakh bales during the previous season. India's cotton imports have already touched 15 lb (14 lb) and may hit 18 lakh bales in next three months. The total cotton supply is estimated lower by three per cent to 419 lb (433 lb). Exports are seen higher at 68 lb (58 lb) even as domestic mill consumption dropping to 274 lb (278 lb) leading to higher demand of 376 lb (367 lb). The closing stock is expected to be lower at 43 lb (66 lb).

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	+15.00	1032.5	1059	1025	1046.50	8414	-3261	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	343.50		-
May-17	-	-	-

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)
*Updated at 5.06 pm on 18 July- 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
July-16	-130	23560	23800	23350	23440	1501	1704	879634	-1028329
Nov-16	130	22550	23100	22550	22690	3664	-197	2082553	106355

Spread	Jul-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
July-16		750		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

(NB: Spread Basis = Spot- Near Month Future)
* Updated at 5.06 pm on 18 July 2016

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	18-Jul-16	16-Jul-16	
Gujarat	Ahmedabad	Shankar-6	NA	6750	-
	Gondal	Shankar-6	6755	6555	200
	Rajkot	B.T. Cotton	7125	6925	200
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	6700	6500	200
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6700	6600	100
	Fatehabad	B.T. Cotton	6700	6600	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	4450	4450	Unch
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	4100	-
	East Godavari	Un-Ginned	4150	4150	Unch
Karnataka	Bijapur	Bunny	6831	6809	22
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5995	6050	-55
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	18-Jul-16	16-Jul-16	
Punjab	Bhatinda	J-34	5020	5040	-20

	Abohar	J-34	5025	5020	5
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	5050	5050	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	18-Jul-16	16-Jul-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	10	21	-11
	Rajkot	B.T. Cotton	220	175	45
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	100	100	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	170	119	51
	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	90	130	-40
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	22	15	7
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	18-Jul-16	16-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
				16-Jul-16	15-Jul-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	34700	34700	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	35200	35200	Unch
J-34(202)	26mm	3.5 - 4.9	23	47100	45900	1200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	47600	47100	500
Shankar-6(105)	29mm	3.5 - 4.9	28	48500	48000	500
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	50400	49900	500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	51100	50600	500
DCH-32(107)	34mm	3.0 - 3.8	33	56600	56600	Unch

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

Centre	Unit	Price		Change
		18-Jul-16	16-Jul-16	
Rajkot	Rs. /10 Kg.	732	722	10
New Delhi	Rs. /10 Kg.	705	705	Unch
Hyderabad	Rs. /10 Kg.	665	660	5
Mumbai	Rs. /10 Kg.	720	708	12

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

Centre	Unit	Price		Change
		18-Jul-16	16-Jul-16	
Mahesana (Kadi)	Rs./Qtl	2768	2711	57
Akola	Rs./Qtl	2763	2727	36

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 15-July-2016		
Index	RMB/Ton	Change
CCIndex(328)	13998	156
CCIndex(527)	12966	138
CCIndex(229)	14297	145
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 18-July-2016		
Index	Cents/lb	Change
FC Index (S)	87.14	0.67
FC Index (M)	84.60	0.68
FC Index (L)	81.26	0.73

Cotlook Index: As on 15-July-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	84.60	0.75

USDA Cotton Spot Rates: As on 15-July-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	74.82	77.07	5804.00
North Delta	73.32	76.07	NIL
South Delta	73.32	76.07	NIL
East TX-OK	70.25	72.25	1047.00
West Texas	70.25	72.00	6158.00
Desert SW	71.07	77.07	NIL
SJ Valley	72.32	82.22	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 15-July-2016

Contract	Open	High	Low	Close	Change
Oct-16	73.34	74.51	73.34	73.86	0.04
Dec-16	73.87	75.00	73.34	74.28	0.41
Mar-17	73.34	74.52	73.13	74.19	0.65
May-17	73.27	74.03	72.80	73.88	0.55
Jul-17	73.00	73.69	72.52	73.57	0.52
Oct-17	72.98	72.98	72.98	72.98	0.62

Pakistan Cotton Spot rates: As on 16-July-2016

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6250	135	6385
Equivalent	40 Kgs	6698	145	6843

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