

### Domestic Fundamentals:

**Market Outlook:** Cotton spot prices noticed range –bound to weak tone on Tuesday.

**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 15<sup>th</sup> July, 2016 has been covered under 75.41 lakh hectares compared to 93.22 lakh hectares during the same period previous year.

According to industry sources, there is a need to bring in reforms in Cotton Corporation Of India in view of the Textiles Ministry directing it to sell cotton only to end users like spinning mills. The directive will give a boost to "Make in India", a fresh study should be carried out to know how Indian textile industry can use CCI for its benefit and bring in reforms to suit today's changing global environment.

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	-0.50	1032	1040.5	1014	1035	8182	-232	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	365		-
May-17	-	-	-

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)  
\*Updated at 5.41 pm on 19 July- 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
July-16	-490	23250	23550	22800	23000	1777	-276	1003001	123367
Nov-16	-340	22450	22550	21840	22210	4534	-870	2505422	422869

Spread	Jul-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
July-16		790		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

(NB: Spread Basis = Spot- Near Month Future)  
\* Updated at 5.41 pm on 19 July 2016

### DOMESTIC PRICES AND ARRIVALS

#### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	19-Jul-16	18-Jul-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	7155	6755	400
	Rajkot	B.T. Cotton	7000	7125	-125
	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	6200	6700	-500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6650	6700	-50
	Fatehabad	B.T. Cotton	6525	6700	-175
	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	4550	4450	100
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4150	4150	Unch
Karnataka	Bijapur	Bunny	6869	6831	38
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5839	5995	-156
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	19-Jul-16	18-Jul-16	
Punjab	Bhatinda	J-34	4975	5020	-45

	Abohar	J-34	4950	5025	<b>-75</b>
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
<b>Haryana</b>	Sirsa	J-34	5025	5050	<b>-25</b>
<b>Rajasthan</b>	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	19-Jul-16	18-Jul-16	
<b>Gujarat</b>	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	18	10	<b>8</b>
	Rajkot	B.T. Cotton	200	220	<b>-20</b>
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
<b>Punjab</b>	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
<b>Haryana</b>	Bhiwani	B.T. Cotton	100	100	<b>Unch</b>
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	102	170	<b>-68</b>
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
<b>Rajasthan</b>	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
<b>Madhya Pradesh</b>	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
<b>Maharashtra</b>	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
<b>Telangana</b>	Adilabad	Un-Ginned	NA	NA	-
<b>Andhra Pradesh</b>	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
<b>Karnataka</b>	Bijapur	Bunny	190	90	<b>100</b>
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	15	22	-7
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	19-Jul-16	18-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
				18-Jul-16	16-Jul-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	34800	34700	100
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	35300	35200	100
J-34(202)	26mm	3.5 - 4.9	23	47300	47100	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	47800	47600	200
Shankar-6(105)	29mm	3.5 - 4.9	28	48500	48500	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	50400	50400	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	51100	51100	Unch
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
		19-Jul-16	18-Jul-16	
Rajkot	Rs. /10 Kg.	730	732	-2
New Delhi	Rs. /10 Kg.	715	705	10
Hyderabad	Rs. /10 Kg.	665	665	Unch
Mumbai	Rs. /10 Kg.	725	720	5

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

Centre	Unit	Price		Change
		19-Jul-16	18-Jul-16	
Mahesana (Kadi)	Rs./Qtl	2781	2768	13
Akola	Rs./Qtl	2761	2763	-2

### INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 19-July-2016		
Index	RMB/Ton	Change
CCIndex(328)	14387	206
CCIndex(527)	13272	169
CCIndex(229)	14649	173
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 19-July-2016		
Index	Cents/lb	Change
FC Index (S)	86.88	-0.26
FC Index (M)	84.37	-0.23
FC Index (L)	81.06	-0.20

Cotlook Index: As on 18-July-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	85.10	0.50

USDA Cotton Spot Rates: As on 18-July-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	74.63	76.88	4005
North Delta	73.13	75.88	Nill
South Delta	73.13	75.88	Nill
East TX-OK	70.25	72.25	319
West Texas	70.25	72.00	690
Desert SW	70.88	76.88	Nill
SJ Valley	72.13	82.03	Nill

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 18-July-2016					
Contract	Open	High	Low	Close	Change
Oct-16	73.67	74.44	73.55	73.63	-0.23
Dec-16	74.03	74.95	73.61	73.95	-0.33
Mar-17	74.06	74.75	73.56	73.95	-0.24
May-17	73.73	74.38	73.24	73.83	-0.05
Jul-17	73.28	74.15	73.08	73.73	0.16
Oct-17	73.14	73.14	73.14	73.14	0.16

Pakistan Cotton Spot rates: As on 18-July-2016				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6400	135	6535
Equivalent	40 Kgs	6859	145	7004

#### Disclaimer

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