

Domestic Fundamentals:

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

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 latest statistics by Cotton Corporation Of India (CCI), Indian cotton acreage has declined to 118 lakh hectare in the current season compared to 128 lakh hectare in 2014 -15. Lower acreage has been reported in the states of Gujarat, Tamil Nadu and Maharashtra.

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 0.251 lakh bales of cotton last week (11 -17 July 2016), which was 0.184 lakh bales previous to last week (04 -10 July 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (11 -17 July, 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.190 lakh bales of cotton from India in the past week (11 -17 July, 2016). Other major importers were Vietnam, China, Indonesia and Japan and their imported volumes were 0.021 lakh bales, 0.017 lakh bales, 0.012 lakh bales and 0.001 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 sources at the Cotton Council International, the US is likely to double its cotton exports to Bangladesh over the next five years. Currently, the US exports 160,000 bales of cotton in a year to some Bangladeshi spinning mills, which is only 3 percent of the total consumption of cotton by the country in a year.

Pakistan is worried amid declining cotton production. Farmers are shifting to other cash crops like maize and sugarcane as they are not getting fair price for their produce. Lower production is likely to affect exports.

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	+15.50	1025	1046.5	1025	1043	7458	-1373	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	241		-
May-17	-	-	-

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

*Updated at 5.28 pm on 21 July- 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
July-16	310	21650	22220	21600	22220	1738	423	949042	-231897
Nov-16	570	21560	22210	21510	22150	3280	656	1781879	-343624

Spread	Jul-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
July-16		70		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

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

* Updated at 5.28 pm on 21 July 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	21-Jul-16	20-Jul-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	6805	6405	400
	Rajkot	B.T. Cotton	6420	6700	-280
	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	6350	-150
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6300	6400	-100
	Fatehabad	B.T. Cotton	6250	6350	-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	4500	-50
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	6869	Unch
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5600	6449	-849
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	21-Jul-16	20-Jul-16	
Punjab	Bhatinda	J-34	4760	4855	-95
	Abohar	J-34	4750	4850	-100

	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4760	4850	-90
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	21-Jul-16	20-Jul-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	26	42	-16
	Rajkot	B.T. Cotton	425	125	300
	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	85	136	-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	200	20	180
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	7	38	-31
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	21-Jul-16	20-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
				20-Jul-16	19-Jul-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	34800	34800	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	35300	35300	Unch
J-34(202)	26mm	3.5 - 4.9	23	45100	46700	-1600
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	46300	47800	-1500
Shankar-6(105)	29mm	3.5 - 4.9	28	47000	48500	-1500
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	48900	50400	-1500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	49600	51100	-1500
DCH-32(107)	34mm	3.0 - 3.8	33	56100	56600	-500

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

Centre	Unit	Price		Change
		21-Jul-16	20-Jul-16	
Rajkot	Rs. /10 Kg.	725	730	-5
New Delhi	Rs. /10 Kg.	715	715	Unch
Hyderabad	Rs. /10 Kg.	660	660	Unch
Mumbai	Rs. /10 Kg.	725	725	Unch

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

Centre	Unit	Price		Change
		21-Jul-16	20-Jul-16	
Mahesana (Kadi)	Rs./Qtl	2775	2778	-3
Akola	Rs./Qtl	2771	2769	2

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 21-July-2016		
Index	RMB/Ton	Change
CCIndex(328)	15145	253
CCIndex(527)	14119	319
CCIndex(229)	15453	305
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 21-July-2016		
Index	Cents/lb	Change
FC Index (S)	85.44	-0.88
FC Index (M)	82.98	-1.04
FC Index (L)	79.79	-1.01

Cotlook Index: As on 20-July-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	84.30	-0.55

USDA Cotton Spot Rates: As on 20-July-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	72.95	75.20	40
North Delta	71.45	74.20	Nil
South Delta	71.45	74.20	Nil
East TX-OK	68.50	70.50	Nil
West Texas	68.50	70.25	Nil
Desert SW	69.20	75.20	Nil
SJ Valley	70.45	80.35	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 20-July-2016

Contract	Open	High	Low	Close	Change
Oct-16	72.92	72.92	71.17	71.95	-1.01
Dec-16	73.39	73.39	71.76	72.35	-0.92
Mar-17	73.47	73.51	72.01	72.80	-0.69
May-17	73.60	73.60	72.13	72.87	-0.74
Jul-17	72.50	72.82	72.17	72.79	-0.85
Oct-17	72.28	72.28	72.28	72.28	-0.79

Pakistan Cotton Spot rates: As on 20-July-2016

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6650	135	6785
Equivalent	40 Kgs	7127	145	7272

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