

## Domestic Fundamentals:

**Market Outlook:** Cotton spot prices noticed range –bound movement on Saturday.

**In The News:** Pink Bollworm has been reported in the cotton plant sown early. Monsoon reached late in Gujarat and those with irrigation facility planted cotton. However with the report of Pink Bollworm pest in the plant, farmers have decided to uproot the plant and sow other crops like pulses, castor. Cotton growers from the districts of Rajkot, Junagadh, Amreli, Bhavnagar and Jamnagar have also reported pest attacks in their mature cotton plants according to farm sources.

According to preliminary report by the government, cotton sowing as on 22<sup>nd</sup> July, 2016 has been covered under 86.86 lakh hectares compared to 99.52 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:

China's import of cotton in the month of June declined by 55 percent to 72,750 metric tonnes compared to the same period previous year. Mills reduced overseas buying as the reduced availability of quotas for low-tariff imports made purchases unattractive. According to customs data, imports in the first six months of 2016 were 431,254 tonnes, less than half of imports during the same period previous year.

As per data from the Foreign Trade Secretariat (SECEX), Brazilian cotton exports however dropped in June for the sixth consecutive month and were down 1.8 per cent from May 2016. But, in the first six months of 2016, global sales were still 42.9 per cent higher compared to the same period of the previous year.

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	-	-	-	-	-	-	-	-	-
Con_2	-	-	-	-	-	-	-	-	-

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

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

\*Updated at 5.14 pm on 22 July- 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
July-16	-	-	-	-	-	-	-	-	-
Nov-16	-	-	-	-	-	-	-	-	-

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

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

\* Updated at 5.14 pm on 22 July 2016

**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	23-Jul-16	22-Jul-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	6605	Closed	-
	Rajkot	B.T. Cotton	6625	6500	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	6450	6500	-50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6370	6350	20
	Fatehabad	B.T. Cotton	6325	6350	-25
	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	4500	4450	50
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	4100	-
	East Godavari	Un-Ginned	4160	4150	10
Karnataka	Bijapur	Bunny	6849	6839	10
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6039	6400	-361
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	23-Jul-16	22-Jul-16	
Punjab	Bhatinda	J-34	4800	4840	-40
	Abohar	J-34	4800	4840	-40

	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4800	4825	-25
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	23-Jul-16	22-Jul-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	65	Closed	-
	Rajkot	B.T. Cotton	80	100	-20
	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	200	200	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	85	170	-85
	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	260	150	110
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	15	15	Unch
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	23-Jul-16	22-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
				22-Jul-16	21-Jul-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	34600	34800	-200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	35100	35300	-200
J-34(202)	26mm	3.5 - 4.9	23	45100	44800	300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	46500	46000	500
Shankar-6(105)	29mm	3.5 - 4.9	28	47000	46500	500
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	49100	48600	500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	49800	49300	500
DCH-32(107)	34mm	3.0 - 3.8	33	56600	56100	500

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

Centre	Unit	Price		Change
		23-Jul-16	22-Jul-16	
Rajkot	Rs. /10 Kg.	720	725	-5
New Delhi	Rs. /10 Kg.	700	700	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
		23-Jul-16	22-Jul-16	
Mahesana (Kadi)	Rs./Qtl	2764	2771	-7
Akola	Rs./Qtl	2778	2775	3

### INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 22-July-2016		
Index	RMB/Ton	Change
CCIndex(328)	15288	143
CCIndex(527)	14335	216
CCIndex(229)	15566	113
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 22-July-2016		
Index	Cents/lb	Change
FC Index (S)	86.18	0.74
FC Index (M)	83.70	0.72
FC Index (L)	80.48	0.69

Cotlook Index: As on 22-July-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	84.05	0.75

USDA Cotton Spot Rates: As on 22-July-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	73.52	75.77	Nill
North Delta	72.02	74.77	Nill
South Delta	72.02	74.77	462
East TX-OK	69.00	71.00	264
West Texas	69.00	70.75	Nill
Desert SW	69.77	75.77	Nill
SJ Valley	71.02	80.92	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 22-July-2016**

Contract	Open	High	Low	Close	Change
Oct-16	72.75	72.75	71.72	72.52	-0.14
Dec-16	73.17	73.46	71.86	72.68	-0.29
Mar-17	73.65	74.00	72.44	73.32	-0.20
May-17	73.83	73.95	72.46	73.29	-0.23
Jul-17	73.70	73.80	72.40	73.15	-0.22
Oct-17	72.44	72.44	72.44	72.44	-0.34

**Pakistan Cotton Spot rates: As on 22-July-2016**

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6500	135	6635
Equivalent	40 Kgs	6966	145	7111

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