

Domestic Fundamentals:

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

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 22nd 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:

India exported 101.8 million kg of spun yarns worth US\$283 million or INR1,881 crore in June 2016 at an average realisation of US\$2.78 per kg. This was significantly lower compared to same month a year ago. Export volume was down 12% YoY and value declined 17% in US\$ terms. The drop also reflects the lean season for global textile industry in this part of the year. Exports have declined amid increasing prices in the domestic market and limited demand.

According to official sources at the Ministry of Textile Industry, cotton sowing in Pakistan is less by 21 per cent this season compared to previous season. The government has downward revised cotton production target as well as area and fixed at 14.1 million bales from 7.4 million acres for the season 2016-17 compared to 15.49 million bales from 7.7 million acres estimated for the season 2015-16.

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	-29.00	1051	1051	1020	1026.50	7258	-3117	364704	0
Con_2	-29.00	1051	1051	1020	1026.50	7258	-3117	364704	0

Spread	April-17		
Spot	307.50	-	-
May-17	-	-	-

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

*Updated at 5.22 pm on 25 July- 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
July-16	-190	21600	21850	21520	21700	266	298	144172	-171159
Nov-16	-470	22000	22060	21580	21750	3090	315	1688578	1496672

Spread	Jul-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
July-16		-50		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

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

* Updated at 5.22 pm on 25 July 2016

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	25-Jul-16	23-Jul-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	6505	6605	-100
	Rajkot	B.T. Cotton	6670	6625	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	6500	6450	50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6300	6370	-70
	Fatehabad	B.T. Cotton	6300	6325	-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	4800	4500	300
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4150	4160	-10
Karnataka	Bijapur	Bunny	6510	6849	-339
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6109	6039	70
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	25-Jul-16	23-Jul-16	
Punjab	Bhatinda	J-34	4775	4800	-25

	Abohar	J-34	4780	4800	-20
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4770	4800	-30
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	25-Jul-16	23-Jul-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	42	65	-23
	Rajkot	B.T. Cotton	120	80	40
	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	200	-100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	85	85	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	90	260	-170
	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	25-Jul-16	23-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
				23-Jul-16	22-Jul-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	34600	34600	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	35100	35100	Unch
J-34(202)	26mm	3.5 - 4.9	23	45000	45100	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	46300	46500	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	46800	47000	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	48900	49100	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	49600	49800	-200
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
		25-Jul-16	23-Jul-16	
Rajkot	Rs. /10 Kg.	725	720	5
New Delhi	Rs. /10 Kg.	700	700	Unch
Hyderabad	Rs. /10 Kg.	665	660	5
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
		25-Jul-16	23-Jul-16	
Mahesana (Kadi)	Rs./Qtl	2769	2764	5
Akola	Rs./Qtl	2772	2778	-6

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 25-July-2016		
Index	RMB/Ton	Change
CCIndex(328)	15288	Unch
CCIndex(527)	14353	18
CCIndex(229)	15567	1
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 25-July-2016		
Index	Cents/lb	Change
FC Index (S)	85.92	-0.26
FC Index (M)	86.18	2.48
FC Index (L)	85.44	4.96

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
<p>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</p>			

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 23-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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