

Domestic Fundamentals:

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

In The News: The government of Punjab has appointed a high level committee to monitor and check the spread of whitefly pest in cotton growing areas. Decision was taken after assessing the report submitted by a five-member central team that had recently visited the whitefly pest affected areas of Abohar in Fazilka district. In Punjab, 1.36 lakh hectares out of total 4.50 lakh hectares of cotton acreage was affected by whitefly attack previous season and the output had declined by 40%.

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 trade sources, Indian cotton imports are likely to be more than 15 lakh bales in 2015 -16 amid lower domestic supplies due to two consecutive years of drought. Imports might go up to 18 lakh bales this season according to trade sources.

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 0.124 lakh bales of cotton last week (18 -24 July 2016), which was 0.251 lakh bales previous to last week (11 -17 July 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (18 -24 July, 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.085 lakh bales of cotton from India in the past week (18 -24 July, 2016). Other major importers were Pakistan, China, Japan and Thailand and their imported volumes were 0.018 lakh bales, 0.006 lakh bales, 0.002 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% Y-o-Y 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.

The Pakistan government has increased the import duty of raw cotton from two per cent to three per cent with additional duty of one per cent, making total import duty of four per cent. According to industry sources, the increase in import duty will increase the cost of the basic raw material and make it difficult for the textile industry to operate and contribute to higher exports and provision of yarn to the domestic downstream.

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	-5.00	1013	1013	995.5	1006	6947	-4035	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	194	-	-
May-17	-	-	-

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

*Updated at 6.50 pm on 01 Aug- 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
July-16	+70	21950	22040	21800	21950	1859	850	1008609	-461254
Nov-16	+80	20400	20630	20400	20580	223	448	107162	-214666

Spread	Jul-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
July-16		1370		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

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

* Updated at 6.50 pm on 01 Aug 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	1-Aug-16	30-Jul-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	6405	6455	-50
	Rajkot	B.T. Cotton	6000	6600	-600
	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	6350	6350	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6250	6200	50
	Fatehabad	B.T. Cotton	6225	6200	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	NA	4500	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	4100	-
	East Godavari	Un-Ginned	NA	4160	-
Karnataka	Bijapur	Bunny	6591	6540	51
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5739	6001	-262
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	1-Aug-16	30-Jul-16	

Punjab	Bhatinda	J-34	4765	4730	35
	Abohar	J-34	4780	4730	50
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4700	4740	-40
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	1-Aug-16	30-Jul-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	38	57	-19
	Rajkot	B.T. Cotton	100	120	-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	102	-17
	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	100	30	70

	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	30	22	8
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	1-Aug-16	30-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
				30-Jul-16	29-Jul-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	34000	34000	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	34500	34500	Unch
J-34(202)	26mm	3.5 - 4.9	23	44700	44600	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	45800	45800	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	46600	46600	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	48900	48900	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	49600	49600	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	57000	57000	Unch

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

Centre	Unit	Price		Change
		1-Aug-16	30-Jul-16	
Rajkot	Rs. /10 Kg.	725	720	5
New Delhi	Rs. /10 Kg.	690	690	Unch
Hyderabad	Rs. /10 Kg.	665	660	5
Mumbai	Rs. /10 Kg.	715	710	5

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

Centre	Unit	Price		Change
		1-Aug-16	30-Jul-16	
Mahesana (Kadi)	Rs./Qtl	2723	2718	5

Akola	Rs./Qtl	2700	2693	7
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INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 1-August-2016		
Index	RMB/Ton	Change
CCIndex(328)	15217	-91
CCIndex(527)	14296	-93
CCIndex(229)	15483	-122
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 1-August-2016		
Index	Cents/lb	Change
FC Index (S)	86.94	1.04
FC Index (M)	84.45	1.08
FC Index (L)	81.48	1.19

Cotlook Index: As on 29-July-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	84.35	-0.50

USDA Cotton Spot Rates: As on 29-July-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	75.16	77.41	NIL
North Delta	73.66	76.41	NIL
South Delta	73.66	76.41	NIL
East TX-OK	70.50	72.50	NIL
West Texas	70.50	72.25	318
Desert SW	71.41	77.41	NIL
SJ Valley	72.66	82.56	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 29-July-2016

Contract	Open	High	Low	Close	Change
Oct-16	72.69	74.16	71.76	74.16	1.14
Dec-16	72.94	74.10	71.68	74.04	1.00
Mar-17	73.20	74.16	72.02	73.91	0.65
May-17	72.47	73.88	71.94	73.71	0.59
Jul-17	72.63	73.44	72.63	73.36	0.50
Oct-17	72.63	72.63	72.63	72.63	0.42

Pakistan Cotton Spot rates: As on 30-July-2016

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6350	135	6485
Equivalent	40 Kgs	6805	145	6950

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