

Domestic Fundamentals:

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

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 29th July, 2016 has been covered under 92.33 lakh hectares compared to 101.91 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 0.194 lakh bales of cotton last week (25 -31 July 2016), which was 0.124 lakh bales previous to last week (18 -24 July 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (25 -31 July, 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.143 lakh bales of cotton from India in the past week (25 -31 July, 2016). Other major importers were Vietnam, Indonesia, Taiwan and Japan and their imported volumes were 0.030 lakh bales, 0.012 lakh bales, 0.006 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:

The International Cotton Advisory reduced world cotton stock estimates to a four -year low of 18.83 million tonnes for the 2016 -17 season. Lower production and better demand in China have resulted in lower stocks. Chinese production is expected to decline by 26% to 4.8 million tonnes in 2016 -17, with the harvest in India seen down 11% at 5.7m tonnes. However, the stocks revision also reflected improved ideas on demand, now seen showing a small increase in 2016-17, of 80,000 tonnes to 23.9m tonnes. Use in China, the top consuming country, was estimated at 7.1m tonnes.

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	-9.50	1014	1020.5	1003.5	1008	6578	-369	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	281	-	-
May-17	-	-	-

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

*Updated at 5.10 pm on 03 Aug- 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
July-16	-70	22110	22180	21920	22080	2322	484	1266891	-290458
Nov-16	-100	20550	20640	20430	20540	187	220	96033	-95535

Spread	Jul-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
July-16		1540		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

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

* Updated at 5.10 pm on 02 Aug 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	3-Aug-16	2-Aug-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	5755	6355	-600
	Rajkot	B.T. Cotton	6445	6500	-55
	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	6300	6250	50
	Fatehabad	B.T. Cotton	6300	6300	Unch
	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	4500	Unch
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	4100	-
	East Godavari	Un-Ginned	NA	4150	-
Karnataka	Bijapur	Bunny	6429	6669	-240
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	3-Aug-16	2-Aug-16	
Punjab	Bhatinda	J-34	4800	4790	10

	Abohar	J-34	4790	4790	Unch
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4810	4790	20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	3-Aug-16	2-Aug-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	30	72	-42
	Rajkot	B.T. Cotton	250	75	175
	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	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	34	51	-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	40	190	-150
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	3-Aug-16	2-Aug-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
				2-Aug-16	1-Aug-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	34200	34000	200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	34700	34500	200
J-34(202)	26mm	3.5 - 4.9	23	45100	44700	400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	46000	45800	200
Shankar-6(105)	29mm	3.5 - 4.9	28	46800	46600	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	49100	48900	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	49800	49600	200
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
		3-Aug-16	2-Aug-16	
Rajkot	Rs. /10 Kg.	730	720	10
New Delhi	Rs. /10 Kg.	700	690	10
Hyderabad	Rs. /10 Kg.	665	665	Unch
Mumbai	Rs. /10 Kg.	720	720	Unch

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

Centre	Unit	Price		Change
		3-Aug-16	2-Aug-16	
Mahesana (Kadi)	Rs./Qtl	2719	2727	-8
Akola	Rs./Qtl	2702	2711	-9

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 3-August-2016		
Index	RMB/Ton	Change
CCIndex(328)	15118	-72
CCIndex(527)	14232	-47
CCIndex(229)	15376	-80
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 3-August-2016		
Index	Cents/lb	Change
FC Index (S)	86.74	-0.47
FC Index (M)	84.18	-0.47
FC Index (L)	81.25	-0.33

Cotlook Index: As on 02-August-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	83.25	0.40

USDA Cotton Spot Rates: As on 02-August-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	74.67	76.92	136
North Delta	73.17	75.92	NIL
South Delta	73.17	75.92	NIL
East TX-OK	70.50	72.50	693
West Texas	70.50	72.25	NIL
Desert SW	70.92	76.92	NIL
SJ Valley	72.17	82.07	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 02-August-2016

Contract	Open	High	Low	Close	Change
Oct-16	74.24	74.24	72.94	73.67	-0.50
Dec-16	74.33	74.55	73.17	73.98	-0.40
Mar-17	74.40	74.54	73.30	74.22	-0.16
May-17	74.29	74.35	73.15	74.02	-0.23
Jul-17	74.00	74.00	73.10	73.85	-0.14
Oct-17	73.41	73.41	73.41	73.41	0.08

Pakistan Cotton Spot rates: As on 02-August-2016

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6600	135	6735
Equivalent	40 Kgs	7073	145	7218

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