

## Domestic Fundamentals:

**Market Outlook:** Cotton spot market noticed mixed tone on Tuesday.

**In The News:** In order to formulate a policy to give farmers the remunerative cotton prices, textile ministry will hold a meeting next month with the ministries of commerce, labour and agriculture. The decision of holding this meeting came after the Minister of Labour, along with 26 delegates member met the Minister of Textiles Santosh Gangwar in New Delhi to discuss the situation of cotton farmers, especially in Telangana.

In Andhra Pradesh, around 60% of the cotton planting has been completed so far. Around 3.529 lakh hectares of cotton has been planted as on 05 August 2015 which is around 26.3% lower when compared to the area sown for cotton during the same period last year which was 4.79 lakh hectares.

Around 91.7% of the cotton sowing has been completed in Gujarat, according to State Agriculture Department. Area sown under cotton as on 03 August this year stood 25.01 lakh hectares in Gujarat against the total normal area of 27.26 lakh hectares. The cotton area in the state is approximately 11.3% lower when compared to the previous year area as on date, which was 28.20 lakh hectares.

Around 105.68 lakh hectares of cotton has been sown so far throughout the country, as on 07 August this year. This is around 5.84% lower than the corresponding sowing progress of last season which was 112.24 lakh hectares, according to Ministry of Agriculture.

According to International Cotton Advisory Committee (ICAC), India is likely to produce 6.4 million tones of cotton in 2015-16, 2% lower as compared to the previous year. Cotton stock in the country by the end of current season (Oct'14-Sept'15) is likely to be around 2.2 million tones. By the end of July, CCI has sold around 650,000 tonnes of cotton from the total procured amount of 1.5mt. ICAC believes that the cotton export during the season 2014-15 would stand 51% lower year on year basis at 980,000 tonnes.

Cotton Association of India (CAI) kept its cotton production estimates for season 2014-15 at 382.75 lakh bales in June, unchanged from the previous month estimates. According to the association, total cotton supply would be around 453.65 lakh bales and the consumption would stand around 315 lakh bales. Total available surplus including exports would be around 138.56 lakh bales.

The inability of Cotton Corporation of India (CCI) to sell the cotton, which it procured under MSP operation is likely to lead to the bulged cotton stock in the country. According to Cotton Association of India (CAI) cotton inventory are likely to increase by around 25% to 7.39 million bales in 2014-15 as compared to 5.89 million bales a year ago. Following the situation cotton prices are likely to go southwards further.

Cotton export to China from India has declined by 56.72 per cent in 2014-15, which has caused cotton prices in domestic market to fall drastically. In year 2014-15 India exported only 26 lakh bales of cotton to China in 2014-15 against 61 lakh bales in 2013-14. Citing the situation, Commerce and Industry Minister Nirmala Sitharaman said in the written reply to Rajya Sabha that due to this reason cotton domestic prices are ruling weaker as compared to the previous year and cotton policy adopted by China is the major cause for less imports.

According to the officials, India is likely to sell its cotton to Thailand too, after succeeding in selling cotton to Bangladesh. One of the biggest mills in Thailand has shown interest in buying cotton from India. According to the CCI officials, samples of cotton from India have approved and CCI is all set to get buyers from Thailand, besides Bangladesh.

### International Fundamentals:

According to International Cotton Advisory Committee (ICAC), cotton output on the global is likely to be around 23.83 million tonnes in 2015-16, around 9% lower than the production of 26.2 million tonnes in previous season.

USDA estimated cotton imports to be around 7.41 million tones in 2015-16, around 1.5% lower when compared to the imports in the current season i.e. 2014-15. It should be noted the net fall in the cotton imports is caused by the lower cotton imports by China, otherwise all the major importing nation are expected to import higher in 2015-16.

In its July estimates, USDA estimated world cotton export to be around 7.413 million tones in season 2015-16, around 1.6% lower when compared to export in the current season that is 2014-15. Except India and Uzbekistan, where exports would be on higher side and Burkina where export would remain steady, all the major exporting countries are likely to face fall in exports.

### Outlook

We expect domestic prices to remain range bound to weak in the near -term.

#### NCDEX Kapas Futures\*: (Prices in Rs/20kg)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-16	--	--	--	--	--	--	--	--	--
Apr-16	-3	833	836	830	831	819	-565	2560	-201
Spread	Feb-16			Apr-16					
Spot	--								
Feb-16				103					

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

\*Updated at 5:00 pm on 11 August 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-15	-50	15870	15870	15790	15810	216	-51	1983	-19
Nov-15	10	15480	15530	15460	15500	73	-56	684	9
Dec-15	40	15400	15460	15390	15430	113	-15	2157	42
--	--	--	--	--	--	--	--	--	--
Spread	Oct-15	Nov-15	Dec-15	--			--		
Spot	--								
Oct-15		310							
Nov-15			70						
Dec-15				--					
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(NB: Spread Basis = Spot- Near Month Future)

\* Updated at 5:00 pm on 11 August 2015

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

Centre	Variety	Prices		Change
		11-Aug-15	10-Aug-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4700	4700	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	NA	4670	-
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4550	4570	-20
Adampur	B.T. Cotton	4600	4640	-40
Fatehabad	B.T. Cotton	NA	NA	-
Dabwali	B.T. Cotton	NA	NA	-
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	NA	NA	-
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
	<b>Kapas</b>			
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	4610	4605	5
	<b>Kapas</b>			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4600	4650	-50
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4050	4050	Unch
Krishna	Un-Ginned	4050	4100	-50
East Godavari	Un-Ginned	4050	4050	Unch
	<b>Lint</b>	<b>Rs./Maund (of 37.32kg each)</b>		
Abohar	J-34	3650	3710	-60
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-

Bhatinda	J-34	3645	3670	<b>-25</b>
Sirsa	J-34	3610	3610	<b>Unch</b>
Sri-Ganganagar	J-34	3384	3394	<b>-10</b>

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		11-Aug-15	10-Aug-15	
Amravati	Mech-1	NA	NA	-
Khandwa	Mech-1	NA	NA	-
Khargane	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	NA	410	-
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NA	NA	-
Adampur	B.T. Cotton	NA	NA	-
Fatehabad	B.T. Cotton	NA	NA	-
Dabwali	B.T. Cotton	NA	NA	-
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	NA	NA	-
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	47	117	<b>-70</b>
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	52	7	<b>45</b>
Guntur	Un-Ginned	1	1	<b>Unch</b>
Kurnool	Un-Ginned	1	1	<b>Unch</b>
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	NA	NA	-

Bhatinda	J-34	NA	NA	-
Sirsa	J-34	NA	NA	-
Sri-Ganganagar	J-34	NA	NA	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				10-Aug-15	8-Aug-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	33200	33200	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	33700	33700	Unch
J-34(202)	26mm	3.5 - 4.9	23	33100	33100	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31700	31700	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	33700	33700	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34200	34200	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35200	35200	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	42700	42700	Unch

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

Centre	Unit	Price		Change
		11-Aug-15	10-Aug-15	
Rajkot	Rs. /10 Kg.	615	610	5
New Delhi	Rs. /10 Kg.	580	580	Unch
Hyderabad	Rs. /10 Kg.	580	570	10
Mumbai	Rs. /10 Kg.	596	600	-4

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

Centre	Unit	Price		Change
		11-Aug-15	10-Aug-15	
Mahesana (Kadi)	Rs./Qtl	1982	1959	23
Akola	Rs./Qtl	1947	1928	19

**INTERNATIONAL PRICES AND INDICES**

<b>China Cotton Index: As on 11/8/2015</b>		
<b>Index</b>	<b>RMB/Ton</b>	<b>Change</b>
CCIndex(328)	13167	1
CCIndex(527)	12073	15
CCIndex(229)	13769	2

<b>China Foreign Cotton (FC) Index : As on 27/7/2015</b>		
<b>Index</b>	<b>Cents/lb</b>	<b>Change</b>
FC Index (S)	78.63	0.20
FC Index (M)	72.13	Unch
FC Index (L)	69.44	Unch

<b>Cotlook Index: As on 10/8/2015</b>		
<b>Cotlook Indices</b>	<b>Cents/Pound</b>	<b>Change</b>
A-Index	69.85	-0.50

<b>USDA Cotton Spot Rates: As on 7/8/2015</b>			
<b>Growth Area</b>	<b>Leaf 4 to Staple 34</b>	<b>Leaf 3 to Staple 35</b>	<b>Arrivals</b>
	<b>cents/lb.</b>		<b>bales</b>
<b>Southeast</b>	61.62	64.87	1760
<b>North Delta</b>	60.87	63.62	NIL
<b>South Delta</b>	60.87	63.62	NIL
<b>East TX-OK</b>	57.00	59.25	NIL
<b>West Texas</b>	57.00	59.25	532
<b>Desert SW</b>	60.12	66.62	NIL
<b>SJ Valley</b>	61.12	71.02	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 10/8/2015**

Contract	Open	High	Low	Close	Change
15-Oct	62.77	63.5	62.4	63.12	0.35
15-Dec	61.65	62.9	61.5	61.96	0.17
16-Mar	61.75	62.82	61.54	61.95	0.07
16-May	62.18	63.2	62.04	62.41	0.02
16-Jul	62.65	63.5	62.5	62.84	0.04
16-Oct	62.95	62.95	62.95	62.95	-0.02

**Pakistan Cotton Spot rates: As on 10/8/2015 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	4450	150	4600
Equivalent	40 Kgs	4769	160	4929

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