

Domestic Fundamentals:

Market Outlook: Cotton spot market noticed steady to weak tone on Wednesday.

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:

As per the latest news from Reuters, Intercontinental Exchange's world cotton futures contract will begin trading on Nov. 2, 2015, pending regulatory approval, the exchange said on Tuesday, announcing the long-awaited launch of a contract that has met a series of hurdles. Merchants have been pressing for years for a world contract. ICE's cotton No. 2 futures contract, which only allows for delivery of U.S. cotton, has long served as the world benchmark, even though the United States has been surpassed as the world's largest grower.

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.

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 | 0.5 | 823 | 832 | 823 | 828 | 942 | 123 | 2618 | 58 |

| 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 12 August 2015

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

| Contract | +/- | Open | High | Low | Close | Volume | Change | OI | Change |
|----------|-----|-------|-------|-------|-------|--------|--------|------|--------|
| Oct-15 | -30 | 15750 | 15830 | 15660 | 15710 | 308 | 92 | 2017 | 34 |
| Nov-15 | -20 | 15510 | 15530 | 15370 | 15440 | 89 | 16 | 733 | 49 |
| Dec-15 | -30 | 15460 | 15480 | 15340 | 15390 | 58 | -55 | 2176 | 19 |
| -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |

| Spread | Oct-15 | Nov-15 | Dec-15 | -- | -- |
|--------|--------|--------|--------|----|----|
| Spot | -- | | | | |
| Oct-15 | | 270 | | | |
| Nov-15 | | | 50 | | |
| Dec-15 | | | | -- | |
| -- | | | | | |

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

* Updated at 5:00 pm on 12 August 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

| Centre | Variety | Prices | | Change |
|------------------------|-----------------|------------------------------------|-----------|--------|
| | | 12-Aug-15 | 11-Aug-15 | |
| | Kapas | (Rs./Qtl) | | |
| Amravati | Mech-1 | 4700 | 4700 | Unch |
| Khandwa | Mech-1 | NA | NA | - |
| Khargaon | Mech-1 | NA | NA | - |
| | Kapas | | | |
| Mahesana(Kadi) | B.T. Cotton | NA | NA | - |
| Rajkot | B.T. Cotton | 4655 | NA | - |
| 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 | 4500 | 4550 | -50 |
| Adampur | B.T. Cotton | 4600 | 4600 | Unch |
| 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 | - |
| | Kapas | | | |
| Ahmedabad | Shankar-6 | NA | NA | - |
| Gondal | Shankar-6 | 4615 | 4610 | 5 |
| | Kapas | | | |
| Jamner (Jalgaon) | Medium Staple | NA | NA | - |
| Hathras | Desi | NA | NA | - |
| Bijapur | Bunny | NA | NA | - |
| Hubli | D.C.H. | NA | NA | - |
| Raichur | H-44 Cotton | 4400 | 4600 | -200 |
| Guntur | Un-Ginned | 4050 | 4050 | Unch |
| Kurnool | Un-Ginned | 4050 | 4050 | Unch |
| Krishna | Un-Ginned | 4050 | 4050 | Unch |
| East Godavari | Un-Ginned | 4050 | 4050 | Unch |
| | Lint | Rs./Maund (of 37.32kg each) | | |
| Abohar | J-34 | 3640 | 3650 | -10 |
| Muktsar | J-34 | NA | NA | - |
| Fazilika | J-34 | NA | NA | - |
| Bhatinda | J-34 | 3635 | 3645 | -10 |
| Sirsa | J-34 | 3600 | 3610 | -10 |

| | | | | |
|----------------|------|----|------|---|
| Sri-Ganganagar | J-34 | NA | 3384 | - |
|----------------|------|----|------|---|

Cotton Arrivals in Key Centers:

| Centre | Variety | Arrivals (Qtl) | | Change |
|------------------------|-----------------|----------------|-----------|--------|
| | | 12-Aug-15 | 11-Aug-15 | |
| Amravati | Mech-1 | NA | NA | - |
| Khandwa | Mech-1 | NA | NA | - |
| Khargaone | Mech-1 | NA | NA | - |
| | | | | |
| Mahesana(Kadi) | B.T. Cotton | NA | NA | - |
| Rajkot | B.T. Cotton | 310 | NA | - |
| 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 | 157 | 47 | 110 |
| | | | | |
| Jamner (Jalgaon) | Medium Staple | NA | NA | - |
| Hathras | Desi | NA | NA | - |
| Bijapur | Bunny | NA | NA | - |
| Hubli | D.C.H. | NA | NA | - |
| Raichur | H-44 Cotton | 30 | 52 | -22 |
| Guntur | Un-Ginned | 1 | 1 | Unch |
| Kurnool | Un-Ginned | 1 | 1 | Unch |
| 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 |
|---------------------------------------|--------|------------|------------------|---------------|-----------|-------------|
| | | | | 11-Aug-15 | 10-Aug-15 | |
| Bengal Deshi (RG)/Assam Comilla (101) | < 22mm | 5.0 - 7.0 | 15 | 33000 | 33200 | -200 |
| Bengal Deshi (SG)(201) | < 22mm | 5.0 - 7.0 | 15 | 33500 | 33700 | -200 |
| J-34(202) | 26mm | 3.5 - 4.9 | 23 | 32900 | 33100 | -200 |
| H-4/ MECH-1(105) | 28mm | 3.5 – 4.9 | 27 | 31700 | 31700 | Unch |
| Shankar-6(105) | 29mm | 3.5 – 4.9 | 28 | 33600 | 33700 | -100 |
| 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 |
|-----------|-------------|-----------|-----------|-------------|
| | | 12-Aug-15 | 11-Aug-15 | |
| Rajkot | Rs. /10 Kg. | 610 | 615 | -5 |
| New Delhi | Rs. /10 Kg. | 580 | 580 | Unch |
| Hyderabad | Rs. /10 Kg. | 570 | 580 | -10 |
| Mumbai | Rs. /10 Kg. | 600 | 596 | 4 |

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

| Centre | Unit | Price | | Change |
|-----------------|---------|-----------|-----------|------------|
| | | 12-Aug-15 | 11-Aug-15 | |
| Mahesana (Kadi) | Rs./Qtl | 1971 | 1982 | -11 |
| Akola | Rs./Qtl | 1941 | 1947 | -6 |

INTERNATIONAL PRICES AND INDICES

| China Cotton Index: As on 12/8/2015 | | |
|-------------------------------------|---------|------------|
| Index | RMB/Ton | Change |
| CCIndex(328) | 13127 | -40 |
| CCIndex(527) | 12046 | -27 |
| CCIndex(229) | 13727 | -42 |

China Foreign Cotton (FC) Index : As on 27/7/2015

| Index | Cents/lb | Change |
|--------------|----------|--------|
| FC Index (S) | 78.63 | 0.20 |
| FC Index (M) | 72.13 | Unch |
| FC Index (L) | 69.44 | Unch |

Cotlook Index: As on 10/8/2015

| Cotlook Indices | Cents/Pound | Change |
|-----------------|-------------|--------|
| A-Index | 69.95 | 0.10 |

USDA Cotton Spot Rates: As on 7/8/2015

| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|------------------------|------------------------|----------|
| | cents/lb. | | bales |
| Southeast | 61.21 | 64.46 | NIL |
| North Delta | 60.46 | 63.21 | NIL |
| South Delta | 60.46 | 63.21 | NIL |
| East TX-OK | 56.50 | 58.75 | 456 |
| West Texas | 56.50 | 58.75 | 878 |
| Desert SW | 59.71 | 66.21 | NIL |
| SJ Valley | 60.71 | 70.61 | 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 11/8/2015

| Contract | Open | High | Low | Close | Change |
|----------|-------|-------|-------|-------|--------|
| 15-Oct | 63.12 | 63.12 | 62.71 | 62.71 | -0.41 |
| 15-Dec | 61.85 | 62.3 | 61.57 | 61.82 | -0.14 |
| 16-Mar | 61.85 | 62.2 | 61.59 | 61.83 | -0.12 |
| 16-May | 62.53 | 62.6 | 62.08 | 62.32 | -0.09 |
| 16-Jul | 62.96 | 62.96 | 62.54 | 62.77 | -0.07 |
| 16-Oct | 62.83 | 62.83 | 62.83 | 62.83 | -0.12 |

Pakistan Cotton Spot rates: As on 11/8/2015 (in Pakistan Rupees)

| Product | Rate for | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
|------------|-----------|--------------|------------------|-------------------|
| Cotton | 37.32 Kgs | 4500 | 150 | 4650 |
| Equivalent | 40 Kgs | 4823 | 160 | 4983 |

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