

## Domestic Fundamentals:

**Market Outlook:** Cotton spot market noticed steady to firm tone on Thursday.

**In The News:** Around 95.78% of the cotton sowing has been completed in Gujarat against the normal area under cotton in state, according to State Agriculture Department. Area sown for cotton as on 10 August 2015 stood 26.11 lakh hectares in Gujarat against the total normal area of 27.26 lakh hectares and previous year as on date area of 29.30 lakh hectares.

In Andhra Pradesh, around 69% of the cotton planting against the normal area under cotton in the state has been completed so far. Around 4.032 lakh hectares of cotton has been planted as on 12 August 2015 which is around 26.4% lower when compared to the area sown for cotton during the same period last year.

India's cotton production estimates for season 2015-16 by USDA have been revised downwardly at million tons 6.314 (371.4 Lakh bales, of 170 kg each), around 4.5% lower when compared to the estimates of previous month i.e. 6.423 million tons (377.8 Lakh bales, of 170 kg each).

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.

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.

### International Fundamentals:

World cotton production in 2015-16 is likely to stand lowest in last five years, said USDA. Cotton output on global front is likely to be around 23.73 million tons, as per the latest estimates by USDA, around 2.2% lower as compared to the estimates of previous month for the current season, and around 8.3% lower when compared to production of previous season of 25.906 million tons.

World cotton export according to the latest USDA estimates would be around 7.51 million tons in 2015-16, around 1.37% higher when compared to the estimates of previous month for the same season and around 2.8% lower when compared to actual export of previous season which was 7.73 million tons.

USDA in its August estimates has revised the world cotton imports estimates for season 2015-16 upwardly at 7.52 million tons as compared to the July estimates of 7.413 million tons, due to the expectation of higher consumption anticipated in current season i.e. 2015-16. However the imports would still be lower by 4.3% when compared to the previous season imports of 7.865 million tons.

### 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	-4	814	814	814	814	2	--	19	--
Apr-16	25	830	859	830	854	4288	3346	2488	-130
Spread	Feb-16		Apr-16						
Spot	123								
Feb-16			-40						

(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 13 August 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-15	430	15860	16270	15860	16160	1446	1138	2065	48
Nov-15	520	15530	16030	15530	15960	553	464	717	-16
Dec-15	560	15590	16020	15590	15970	1036	978	2652	476
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Spread	Oct-15	Nov-15	Dec-15	--					
Spot	--								
Oct-15		200							
Nov-15			-10						
Dec-15				--					
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(NB: Spread Basis = Spot- Near Month Future)

\* Updated at 5:00 pm on 13 August 2015

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

Centre	Variety	Prices		Change
		13-Aug-15	12-Aug-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4750	4700	50
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	4685	4655	30
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	4500	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	-
	<b>Kapas</b>			
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	4670	4615	55
	<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	4525	4400	125
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
	<b>Lint</b>	<b>Rs./Maunder of 37.32kg each)</b>		
Abohar	J-34	3650	3640	10
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3650	3635	15
Sirsa	J-34	3600	3600	Unch

Sri-Ganganagar	J-34	3431	NA	-
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**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		13-Aug-15	12-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	280	310	-30
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	129	157	-28
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	7	30	-23
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
				12-Aug-15	11-Aug-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	32800	33000	<b>-200</b>
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	33300	33500	<b>-200</b>
J-34(202)	26mm	3.5 - 4.9	23	32900	32900	<b>Unch</b>
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	31400	31700	<b>-300</b>
Shankar-6(105)	29mm	3.5 – 4.9	28	33500	33600	<b>-100</b>
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34100	34200	<b>-100</b>
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35100	35200	<b>-100</b>
DCH-32(107)	34mm	3.0 - 3.8	33	42600	42700	<b>-100</b>

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

Centre	Unit	Price		Change
		13-Aug-15	12-Aug-15	
Rajkot	Rs. /10 Kg.	605	610	<b>-5</b>
New Delhi	Rs. /10 Kg.	580	580	<b>Unch</b>
Hyderabad	Rs. /10 Kg.	570	570	<b>Unch</b>
Mumbai	Rs. /10 Kg.	600	600	<b>Unch</b>

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

Centre	Unit	Price		Change
		13-Aug-15	12-Aug-15	
Mahesana (Kadi)	Rs./Qtl	1967	1971	<b>-4</b>
Akola	Rs./Qtl	1938	1941	<b>-3</b>

**INTERNATIONAL PRICES AND INDICES**

China Cotton Index: As on 13/8/2015		
Index	RMB/Ton	Change
CCIndex(328)	13125	<b>-2</b>
CCIndex(527)	12046	<b>Unch</b>
CCIndex(229)	13725	<b>-2</b>

**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 12/8/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	69.90	-0.05

**USDA Cotton Spot Rates: As on 12/8/2015**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	64.35	67.60	NIL
North Delta	63.60	66.35	NIL
South Delta	63.60	66.35	NIL
East TX-OK	59.50	61.75	106
West Texas	59.50	61.75	757
Desert SW	62.85	69.35	NIL
SJ Valley	63.85	73.75	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 12/8/2015**

Contract	Open	High	Low	Close	Change
15-Oct	62.71	65.71	61.77	65.71	3
15-Dec	61.8	64.82	61.2	64.69	2.87
16-Mar	61.8	64.6	61.19	64.09	2.26
16-May	62.26	64.65	61.5	64.24	1.92
16-Jul	62.65	65.2	61.85	64.34	1.57
16-Oct	64.27	64.27	64.27	64.27	1.44

**Pakistan Cotton Spot rates: As on 12/8/2015 (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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