

Domestic Fundamentals:

Market Outlook: Cotton spot market noticed mixed tone on Friday.

In The News: Around 108.67 lakh hectares of cotton has been sown so far throughout the country, as on 14 August this year. This is around 7.05% lower than the corresponding sowing progress of last season which was 116.91 lakh hectares, according to Ministry of Agriculture.

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.

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	--	--	--	--	--	--	--	--	--
Apr-16	3	862	866	851	860.5	2971	-1317	2591	103
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 14 August 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-15	10	16250	16350	16200	16300	692	-754	2207	142
Nov-15	50	16020	16160	16020	16100	214	-339	739	22
Dec-15	120	16050	16180	16020	16140	807	-229	3131	479
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Spread	Oct-15	Nov-15	Dec-15	--			--		
Spot	--								
Oct-15		200							
Nov-15			-40						
Dec-15				--					
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(NB: Spread Basis = Spot- Near Month Future)

* Updated at 5:00 pm on 14 August 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		14-Aug-15	13-Aug-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4750	4750	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mec6h-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	4695	4685	10
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	4705	4670	35
	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	NA	4525	-
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	3675	3650	25
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3660	3650	10
Sirsa	J-34	3640	3600	40

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

Centre	Variety	Arrivals (Qtl)		Change
		14-Aug-15	13-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	278	280	-2
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	34	129	-95
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	7	-
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
				13-Aug-15	12-Aug-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	33000	32800	200
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	33500	33300	200
J-34(202)	26mm	3.5 - 4.9	23	33100	32900	200
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	31600	31400	200
Shankar-6(105)	29mm	3.5 – 4.9	28	33600	33500	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34200	34100	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35200	35100	100
DCH-32(107)	34mm	3.0 - 3.8	33	42600	42600	Unch

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

Centre	Unit	Price		Change
		14-Aug-15	13-Aug-15	
Rajkot	Rs. /10 Kg.	610	605	5
New Delhi	Rs. /10 Kg.	580	580	Unch
Hyderabad	Rs. /10 Kg.	575	570	5
Mumbai	Rs. /10 Kg.	600	600	Unch

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

Centre	Unit	Price		Change
		14-Aug-15	13-Aug-15	
Mahesana (Kadi)	Rs./Qtl	1981	1967	14
Akola	Rs./Qtl	1944	1938	6

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 14/8/2015		
Index	RMB/Ton	Change
CCIndex(328)	13123	-2
CCIndex(527)	12041	-5
CCIndex(229)	13720	-5

Cotlook Index: As on 13/8/2015

Cotlook Indices	Cents/Pound	Change
A-Index	71.95	2.05

USDA Cotton Spot Rates: As on 13/8/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	65.65	68.90	NIL
North Delta	64.90	67.65	880
South Delta	64.90	67.65	NIL
East TX-OK	60.25	62.50	2
West Texas	60.25	62.50	1079
Desert SW	64.15	70.65	NIL
SJ Valley	65.15	75.05	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 13/8/2015

Contract	Open	High	Low	Close	Change
15-Oct	65.85	67.9	65.71	67.15	1.44
15-Dec	64.75	66.51	64.09	65.79	1.1
16-Mar	64	65.64	63.59	64.99	0.9
16-May	64.41	65.51	63.89	64.97	0.73
16-Jul	64.5	65.55	64.39	64.91	0.57
16-Oct	64.5	64.5	64.5	64.5	0.23

Pakistan Cotton Spot rates: As on 13/8/2015 (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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