

**Domestic Fundamentals:**

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

**In The News:** Due to dull demand and high input costs, cotton spinning mills could cut down the production in the coming year. Representatives of the textile bodies including Confederation of Indian Textile Industry, South India Millers' Association, North Indian Millers Association, and Texprocil met in capital to decide to appoint an agency to analyze the depth of current situation and prepare a memorandum to be sent to government.

Cotton exports from India could go up in 2015-16 to 1.18 million tons (69.41 Lakh Bales), around 20.4% higher when compared to 0.98 million tons (57.64 Lakh Bales) in the current season ending in September this year, said International Cotton Advisory Committee (ICAC).

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.

### 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	-13.5	877	877	856	861.5	2726	640	2789	35
Spread	Feb-16			Apr-16					
Spot	--								
Feb-16				91.5					

(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 18 August 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-15	-200	16570	16610	16240	16290	671	168	2314	33
Nov-15	-190	16330	16360	16090	16150	165	-3	821	46
Dec-15	-180	16370	16390	16120	16190	373	40	3525	75
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Spread	Oct-15	Nov-15	Dec-15	--			--		
Spot	--								
Oct-15		140							
Nov-15			-40						
Dec-15				--					
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(NB: Spread Basis = Spot- Near Month Future)

\* Updated at 5:00 pm on 18 August 2015

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

Centre	Variety	Prices		Change
		18-Aug-15	17-Aug-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4750	4750	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	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	4500	Unch
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	NA	NA	-
	<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	4576	4530	46
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4050	4050	Unch
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	4050	NA	-
	<b>Lint</b>	<b>Rs./Maund (of 37.32kg each)</b>		
Abohar	J-34	3690	3700	-10
Muktsar	J-34	NA	NA	
Fazilika	J-34	NA	NA	
Bhatinda	J-34	3670	3660	10
Sirsa	J-34	3690	3650	40

Sri-Ganganagar	J-34	3431	3408	23
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**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		18-Aug-15	17-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	NA	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	NA	NA	-
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	45	30	15
Guntur	Un-Ginned	1	1	Unch
Kurnool	Un-Ginned	1	1	Unch
Krishna	Un-Ginned	1	NA	-
East Godavari	Un-Ginned	1	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
				17-Aug-15	14-Aug-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	33000	33000	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	33500	33500	Unch
J-34(202)	26mm	3.5 - 4.9	23	33400	33100	300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31700	31600	100
Shankar-6(105)	29mm	3.5 - 4.9	28	34000	33600	400
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34300	34200	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35300	35200	100
DCH-32(107)	34mm	3.0 - 3.8	33	43000	42600	400

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

Centre	Unit	Price		Change
		18-Aug-15	17-Aug-15	
Rajkot	Rs. /10 Kg.	613	615	-2
New Delhi	Rs. /10 Kg.	580	580	Unch
Hyderabad	Rs. /10 Kg.	580	575	5
Mumbai	Rs. /10 Kg.	605	602	3

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

Centre	Unit	Price		Change
		18-Aug-15	17-Aug-15	
Mahesana (Kadi)	Rs./Qtl	2003	1995	8
Akola	Rs./Qtl	NA	1956	-

**INTERNATIONAL PRICES AND INDICES**

China Cotton Index: As on 18/8/2015		
Index	RMB/Ton	Change
CCIndex(328)	13103	-3
CCIndex(527)	11996	-12
CCIndex(229)	13702	0

**China Foreign Cotton (FC) Index : As on 18/8/2015**

Index	Cents/lb	Change
FC Index (S)	80.14	0.50
FC Index (M)	73.14	0.45
FC Index (L)	70.68	0.60

**Cotlook Index: As on 18/8/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	73.10	0.15

**USDA Cotton Spot Rates: As on 17/8/2015**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	66.48	69.73	NIL
North Delta	65.73	68.48	NIL
South Delta	65.73	68.48	NIL
East TX-OK	61.00	63.25	NIL
West Texas	61.00	63.25	994
Desert SW	64.98	71.48	NIL
SJ Valley	65.98	75.88	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 17/8/2015**

Contract	Open	High	Low	Close	Change
15-Oct	67.38	68.3	67.29	67.98	0.82
15-Dec	65.94	66.89	65.67	66.52	0.57
16-Mar	65.50	66.16	65.25	65.75	0.29
16-May	65.59	66.26	65.55	65.85	0.26
16-Jul	66.03	66.25	65.70	65.85	0.21
16-Oct	65.24	65.24	65.24	65.24	0.26

**Pakistan Cotton Spot rates: As on 17/8/2015 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	4650	150	4800
Equivalent	40 Kgs	4983	160	5143

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