

Domestic Fundamentals:

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

In The News: Department of Agriculture, Ministry of Agriculture (MoA) in its fourth advance estimates, has revised the cotton production estimates upwardly for the season 2014-15 at 354.75 lakh bales (of 170 kg each), which was earlier estimated to be around 353.28 lakh bales in third advance estimates. Production target for the season 2014-15 has been set at 350 lakh bales. Cotton production according to final estimates of DAC for the season 2013-14 was 359.02 lakh bales.

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.

International Fundamentals:

According to China Cotton Association (CCA), the country is likely to produce 5.5 million tones of cotton in year 2015-16, slightly lesser than the previous estimates of 5.86 million tons. The production however is likely to stand fairly lower when compared to the production of 6.5 million tons in year 2014-15.

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.

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	15.5	862	884	862	877.5	4017	1291	3029	240
Spread	Feb-16			Apr-16					
Spot	--								
Feb-16				75.5					

(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 19 August 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-15	80	16360	16570	16320	16400	1105	434	2503	189
Nov-15	120	16240	16440	16220	16300	234	69	904	83
Dec-15	100	16290	16480	16260	16350	509	136	3651	126
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Spread	Oct-15	Nov-15	Dec-15	--					
Spot	--								
Oct-15		100							
Nov-15			-50						
Dec-15				--					
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(NB: Spread Basis = Spot- Near Month Future)

* Updated at 5:00 pm on 19 August 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		19-Aug-15	18-Aug-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4750	4750	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	4675	4765	-90
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	-
	Kapas			
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	4750	4750	Unch
	Kapas			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	4325	4500	-175
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	4576	-
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4050	4050	Unch
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	NA	4050	-
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	3700	3690	10
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3670	3670	Unch
Sirsa	J-34	3700	3690	10
Sri-Ganganagar	J-34	3455	3431	24

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		19-Aug-15	18-Aug-15	
Amravati	Mech-1	NA	NA	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	350	350	Unch
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)	10	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	109	58	51
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	25	10	15
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	45	-
Guntur	Un-Ginned	NA	1	-
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
				18-Aug-15	17-Aug-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	33200	33000	200
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	33700	33500	200
J-34(202)	26mm	3.5 - 4.9	23	33400	33400	Unch
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	31700	31700	Unch
Shankar-6(105)	29mm	3.5 – 4.9	28	34000	34000	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34000	34300	-300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35000	35300	-300
DCH-32(107)	34mm	3.0 - 3.8	33	43000	43000	Unch

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

Centre	Unit	Price		Change
		19-Aug-15	18-Aug-15	
Rajkot	Rs. /10 Kg.	615	613	2
New Delhi	Rs. /10 Kg.	585	580	5
Hyderabad	Rs. /10 Kg.	570	580	-10
Mumbai	Rs. /10 Kg.	610	605	5

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

Centre	Unit	Price		Change
		19-Aug-15	18-Aug-15	
Mahesana (Kadi)	Rs./Qtl	2005	2003	2
Akola	Rs./Qtl	1978	NA	-

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 19/8/2015		
Index	RMB/Ton	Change
CCIndex(328)	13102	-1
CCIndex(527)	11996	Unch
CCIndex(229)	13699	-3

China Foreign Cotton (FC) Index : As on 19/8/2015

Index	Cents/lb	Change
FC Index (S)	80.14	Unch
FC Index (M)	73.14	Unch
FC Index (L)	70.68	Unch

Cotlook Index: As on 18/8/2015

Cotlook Indices	Cents/Pound	Change
A-Index	73.45	0.35

USDA Cotton Spot Rates: As on 18/8/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	66.43	69.68	833
North Delta	65.68	68.43	NIL
South Delta	65.68	68.43	827
East TX-OK	61.50	63.75	688
West Texas	61.00	63.25	9
Desert SW	64.93	71.43	NIL
SJ Valley	65.93	75.83	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 18/8/2015

Contract	Open	High	Low	Close	Change
15-Oct	67.69	68.00	67.32	67.93	-0.05
15-Dec	66.65	66.85	66.03	66.63	0.11
16-Mar	65.91	66.06	65.16	65.91	0.16
16-May	65.72	66.04	65.30	66.03	0.18
16-Jul	65.60	65.99	65.40	65.95	0.10
16-Oct	65.34	65.34	65.34	65.34	0.10

Pakistan Cotton Spot rates: As on 18/8/2015 (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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