

Domestic Fundamentals:

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

In The News: Around 110.23 lakh hectares of cotton has been sown so far throughout the country, as on 21 August this year. This is around 7.22% lower than the corresponding sowing progress of last season which was 118.81 lakh hectares, according to Ministry of Agriculture.

Despite the weak cotton price prevailing in the market, prices of cotton seeds have increased by around 30% in last four year to Rs 23 per kg from Rs 17 per Kg. Demand of de-oiled cotton cake (DOC) and cotton seed oil, which is used as edible oil and illegal mixing with expensive edible oil, has dragged the cotton seed price upward in the market.

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.

Around 98.26% 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 17 August 2015 stood 26.79 lakh hectares in Gujarat against the total normal area of 27.26 lakh hectares and previous year as on date area of 29.53 lakh hectares.

In Andhra Pradesh, around 76.8% of the cotton planting against the normal area under cotton in the state has been completed so far. Around 4.49 lakh hectares of cotton has been planted as on 19 August 2015 which is around 23.3% lower when compared to the area sown for cotton during the same period last year.

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).

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.

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	0	873.5	879	871.5	871.5	1888	-731	3262	-50
Spread	Feb-16			Apr-16					
Spot	--								
Feb-16				78.5					

(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 21 August 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-15	30	16460	16520	16460	16460	447	-24	2536	104
Nov-15	60	16440	16460	16400	16410	230	-158	1008	70
Dec-15	40	16500	16520	16460	16460	480	1	4200	304
--	--	--	--	--	--	--	--	--	--
Spread	Oct-15	Nov-15	Dec-15	--					
Spot	--								
Oct-15		50							
Nov-15			-50						
Dec-15				--					
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(NB: Spread Basis = Spot- Near Month Future)

* Updated at 5:00 pm on 21 August 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		21-Aug-15	20-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	4740	4790	-50
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	NA	4550	-
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	4775	4745	30
	Kapas			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	4500	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	NA	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	4050	NA	-
	Lint	Rs/Maund (of 37.32 kg each)		
Abohar	J-34	3745	3715	30
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3750	3700	50

Sirsa	J-34	3720	3700	20
Sri-Ganganagar	J-34	3459	3455	4

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		21-Aug-15	20-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	140	340	-200
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	141	76	65
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	12	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	NA	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
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
				20-Aug-15	19-Aug-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	33200	33200	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	33700	33700	Unch
J-34(202)	26mm	3.5 - 4.9	23	33600	33400	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32100	31900	200
Shankar-6(105)	29mm	3.5 - 4.9	28	34200	34000	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34200	34000	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35200	35000	200
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
		21-Aug-15	20-Aug-15	
Rajkot	Rs. /10 Kg.	620	615	5
New Delhi	Rs. /10 Kg.	580	585	-5
Hyderabad	Rs. /10 Kg.	575	570	5
Mumbai	Rs. /10 Kg.	620	610	10

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

Centre	Unit	Price		Change
		21-Aug-15	20-Aug-15	
Mahesana (Kadi)	Rs./Qtl	2027	2036	-9
Akola	Rs./Qtl	1995	1994	1

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 21/8/2015		
Index	RMB/Ton	Change
CCIndex(328)	13103	Unch
CCIndex(527)	11985	-5
CCIndex(229)	13697	-2

China Foreign Cotton (FC) Index : As on 20/8/2015

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 20/8/2015

Cotlook Indices	Cents/Pound	Change
A-Index	73.60	Unch

USDA Cotton Spot Rates: As on 20/8/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	66.16	69.41	NIL
North Delta	65.41	68.16	NIL
South Delta	65.41	68.16	NIL
East TX-OK	61.25	63.50	NIL
West Texas	60.75	63.00	239
Desert SW	64.66	71.16	NIL
SJ Valley	65.66	75.56	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 20/8/2015

Contract	Open	High	Low	Close	Change
15-Oct	67.44	67.72	67.00	67.66	0.30
15-Dec	66.53	66.99	66.24	66.93	0.40
16-Mar	66.05	66.37	65.70	66.33	0.44
16-May	66.41	66.48	65.94	66.47	0.38
16-Jul	66.40	66.48	66.11	66.48	0.41
16-Oct	65.87	65.87	65.87	65.87	0.41

Pakistan Cotton Spot rates: As on 20/8/2015 (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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