

## Domestic Fundamentals:

**Market Outlook:** Cotton spot market noticed mostly steady tone on Wednesday.

**In The News:** Cotton Association of India (CAI) has released its first estimates for season 2015-16. According to CAI cotton production in the country would be around 380 lakh bales, and would be majorly contributed by the central zone of the country including the states Gujarat, Maharashtra and Madhya Pradesh. On the better arrival of rain, which has boosted the yield, cotton production would stand similar to the current season in 2015-16, despite the fall in acreage. Total supply would be around 470.65 lakh bales where as domestic consumption would be around 325 lakh bales.

Farmers in Bathinda and Mansa districts of Punjab have starting uprooting the cotton crop as whitefly attack has damaged the crop in the region, despite the heavy use of pesticide. According to the growers, it is better to uproot the crop than to bear the expense which would have gone more than double of MSP of crop which is Rs 3950 per quintal.

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).

### 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	-4	869	871	863.5	871	1506	-138	3190	-30
Spread	Feb-16		Apr-16						
Spot	--								
Feb-16			72						

(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 26 August 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-15	10	16080	16140	16070	16090	257	2354	306	2449
Nov-15	20	15990	16060	15990	16010	50	1056	168	1077
Dec-15	20	16060	16130	16050	16080	86	4236	182	4231
Jan-16	-100	16300	16340	16270	16200	20	301	--	--
Spread	Oct-15	Nov-15	Dec-15	Jan-16					
Spot	--								
Oct-15		80							
Nov-15			-70						
Dec-15				-120					
Jan-16									

(NB: Spread Basis = Spot- Near Month Future)

\* Updated at 5:00 pm on 26 August 2015

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

Centre	Variety	Prices		Change
		26-Aug-15	25-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	Closed	Closed	-
Patan	B.T. Cotton	Closed	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	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	4700	-
Hanumangarh	B.T. Cotton	NA	NA	-
	<b>Kapas</b>			
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	Closed	Closed	-
	<b>Kapas</b>			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	4750	NA	-
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	NA	4050	-
	<b>Lint</b>	<b>Rs/Maund (of 37.32 Kg each)</b>		
Abohar	J-34	3780	3765	15
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	NA	NA	-
Sirsa	J-34	3730	3725	5
Sri-Ganganagar	J-34	3431	3431	Unch

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		26-Aug-15	25-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	Closed	Closed	-
Patan	B.T. Cotton	Closed	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	150	-
Hanumangarh	B.T. Cotton	NA	NA	-
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	Closed	Closed	-
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	125	NA	-
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
				25-Aug-15	24-Aug-15	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	33700	33700	Unch
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	34200	34200	Unch
J-34(202)	26mm	3.5 - 4.9	23	33900	33900	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32600	32600	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	34700	34700	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34300	34300	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35300	35300	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	42500	42500	Unch

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

Centre	Unit	Price		Change
		26-Aug-15	25-Aug-15	
Rajkot	Rs. /10 Kg.	610	615	-5
New Delhi	Rs. /10 Kg.	580	580	Unch
Hyderabad	Rs. /10 Kg.	580	600	-20
Mumbai	Rs. /10 Kg.	610	610	Unch

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

Centre	Unit	Price		Change
		26-Aug-15	25-Aug-15	
Mahesana (Kadi)	Rs./Qtl	Closed	2037	-
Akola	Rs./Qtl	2005	2005	Unch

**INTERNATIONAL PRICES AND INDICES**

China Cotton Index: As on 24/8/2015		
Index	RMB/Ton	Change
CCIndex(328)	13098	-5
CCIndex(527)	11983	-2
CCIndex(229)	13692	-5

**China Foreign Cotton (FC) Index : As on 25/8/2015**

Index	Cents/lb	Change
FC Index (S)	77.93	-2.21
FC Index (M)	71.21	-1.93
FC Index (L)	69.68	-2.00

**Cotlook Index: As on 25/8/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	71.30	-2.80

**USDA Cotton Spot Rates: As on 24/8/2015**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	66.39	63.14	NIL
North Delta	65.14	62.39	NIL
South Delta	65.14	62.39	NIL
East TX-OK	60.50	58.25	NIL
West Texas	60.00	57.75	NIL
Desert SW	68.14	61.64	NIL
SJ Valley	72.54	62.64	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 25/8/2015**

Contract	Open	High	Low	Close	Change
15-Oct	64.45	64.64	63.21	63.76	-0.88
15-Dec	64.20	64.82	62.86	63.16	-0.89
16-Mar	64.11	64.50	62.55	62.86	-1.08
16-May	64.54	64.85	63.00	63.25	-1.13
16-Jul	64.76	64.95	63.27	63.55	-1.12
16-Oct	63.12	63.12	63.12	63.12	-1.07

**Pakistan Cotton Spot rates: As on 24/8/2015 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	4600	150	4750
Equivalent	40 Kgs	4930	160	5090

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