

## Domestic Fundamentals:

**Market Outlook:** Cotton spot market noticed mixed tone on Tuesday.

**In The News:** Around 112.68 lakh hectares of cotton has been sown so far throughout the country, as on 28 August this year. This is around 8% lower than the corresponding sowing progress of last season which was 122.50 lakh hectares, according to Ministry of Agriculture.

Cotton Sowing Progress (as on 28 August 2015)			
States	This Year 2015-16	Last Year 2014-15	% Change
Punjab	4.40	4.50	-2.2
Haryana	5.81	6.39	-9.1
Guajrat	27.30	29.81	-8.4
Maharashtra	38.02	40.29	-5.6
Telangana	16.33	16.24	0.6
Andhra Pradesh	4.89	6.29	-22.3
Others	15.93	18.98	-16.1
Total	112.68	122.50	-8.0
Figures in Lakh Hectares, Source: Ministry of Agriculture, Government of India			

Cotton output in central region of the India, including Gujarat, Madhya Pradesh and Maharashtra is likely to be around 203 lakh bales in 2015-16, marginally lower than the current season's output of 204.50 lakh bales, said CAI. In northern zone, which includes Punjab, Haryana and Rajasthan cotton output is expected to surge slightly to 55.50 in 2015 from 53.50 lakh bales in current season. In southern region, including Telangana, Andhra Pradesh, Karnataka and Tamil Nadu cotton production is expected to fall slightly to 115.50 lakh bales in 2015-16 from 118.75 lakh bales in current season.

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 situation 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.

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.

### 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	3.5	880.5	887.5	880.5	883	2196	-838	4904	720
Spread	Feb-16			Apr-16					
Spot	--								
Feb-16				105					

(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 01 September 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-15	110	16340	16440	16330	16420	452	65	2306	-75
Nov-15	110	16290	16380	16280	16370	119	0	1112	11
Dec-15	70	16370	16420	16340	16410	120	-26	4210	54
Jan-16	40	16500	16550	16500	16550	6	-18	312	5
Spread	Oct-15	Nov-15	Dec-15	Jan-16					
Spot	--								
Oct-15		50							
Nov-15			-40						
Dec-15				-140					
Jan-16									

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

\*Updated at 5:00 pm on 01 September 2015

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

Centre	Variety	Prices		Change
		1-Sep-15	31-Aug-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4700	4700	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	4940	4920	20
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	4300	4200	100
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	-
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	4800	Closed	-
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	4300	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4375	NA	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	4050	-
East Godavari	Un-Ginned	4050	4050	Unch
	<b>Lint</b>	<b>Rs/Maund (of 37.32 Kg each)</b>		
Abohar	J-34	3830	3810	20
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3800	3790	10
Sirsa	J-34	3760	3740	20
Sri-Ganganagar	J-34	3478	3431	47

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		1-Sep-15	31-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	110	90	20
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	191	Closed	-
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	650	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	750	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
				31-Aug-15	28-Aug-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	33600	33500	100
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	34100	34000	100
J-34(202)	26mm	3.5 - 4.9	23	34300	34200	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32400	32300	100
Shankar-6(105)	29mm	3.5 - 4.9	28	34400	34200	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34100	34100	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35100	35100	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
		1-Sep-15	31-Aug-15	
Rajkot	Rs. /10 Kg.	618	615	3
New Delhi	Rs. /10 Kg.	600	580	20
Hyderabad	Rs. /10 Kg.	590	590	Unch
Mumbai	Rs. /10 Kg.	615	610	5

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

Centre	Unit	Price		Change
		1-Sep-15	31-Aug-15	
Mahesana (Kadi)	Rs./Qtl	2077	2068	9
Akola	Rs./Qtl	2041	2033	8

**INTERNATIONAL PRICES AND INDICES**

China Cotton Index: As on 31/8/2015		
Index	RMB/Ton	Change
CCIndex(328)	13079	-6
CCIndex(527)	11967	Unch
CCIndex(229)	13673	-3

**China Foreign Cotton (FC) Index : As on 01/9/2015**

Index	Cents/lb	Change
FC Index (S)	76.22	-0.13
FC Index (M)	70.13	-0.08
FC Index (L)	67.24	-0.10

**Cotlook Index: As on 28/8/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	70.60	0.65

**USDA Cotton Spot Rates: As on 31/8/2015**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.24	65.49	NIL
North Delta	61.49	64.24	NIL
South Delta	61.49	64.24	NIL
East TX-OK	59.75	62.00	1419
West Texas	58.75	61.00	196
Desert SW	60.74	67.24	NIL
SJ Valley	61.74	71.64	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 31/8/2015**

Contract	Open	High	Low	Close	Change
15-Oct	64.10	64.10	63.74	63.74	-0.01
15-Dec	63.15	63.53	62.40	63.00	unch
16-Mar	62.81	63.24	62.17	62.58	-0.10
16-May	63.05	63.49	62.58	62.90	-0.19
16-Jul	63.45	63.81	63.00	63.23	-0.26
16-Oct	63.00	63.00	63.00	63.00	-0.27

**Pakistan Cotton Spot rates: As on 31/8/2015 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	4550	135	4685
Equivalent	40 Kgs	4876	145	5021

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