

Domestic Fundamentals:

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

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	7.5	882.5	893	882	889	4067	1871	6121	1217
Spread	Feb-16		Apr-16						
Spot	--								
Feb-16			97						

(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 02 September 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-15	140	16360	16570	16360	16480	673	221	2326	20
Nov-15	100	16290	16500	16290	16370	257	138	1114	2
Dec-15	70	16340	16520	16340	16380	364	244	4215	5
Jan-16	-30	16550	16620	16460	16490	154	148	346	34
Spread	Oct-15	Nov-15	Dec-15	Jan-16					
Spot	--								
Oct-15		110							
Nov-15			-10						
Dec-15				-110					
Jan-16									

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

*Updated at 5:00 pm on 02 September 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		2-Sep-15	1-Sep-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4710	4700	10
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	4930	4940	-10
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	4400	4300	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	-
	Kapas			
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	Closed	4800	-
	Kapas			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	4200	4300	-100
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	4375	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	4050	NA	-
East Godavari	Un-Ginned	4050	4050	Unch
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	3825	3830	-5
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3830	3800	30
Sirsa	J-34	3770	3760	10
Sri-Ganganagar	J-34	3525	3478	47

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		2-Sep-15	1-Sep-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	120	110	10
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	125	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	Closed	191	-
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	900	650	250
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	750	-
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
				1-Sep-15	31-Aug-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	33600	33600	Unch
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	34100	34100	Unch
J-34(202)	26mm	3.5 - 4.9	23	34300	34300	Unch
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	32700	32400	300
Shankar-6(105)	29mm	3.5 – 4.9	28	34600	34400	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34200	34100	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35200	35100	100
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
		2-Sep-15	1-Sep-15	
Rajkot	Rs. /10 Kg.	615	618	-3
New Delhi	Rs. /10 Kg.	600	600	Unch
Hyderabad	Rs. /10 Kg.	590	590	Unch
Mumbai	Rs. /10 Kg.	615	615	Unch

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

Centre	Unit	Price		Change
		2-Sep-15	1-Sep-15	
Mahesana (Kadi)	Rs./Qtl	2079	2077	2
Akola	Rs./Qtl	2337	2041	296

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 02/9/2015

Index	Cents/lb	Change
FC Index (S)	76.38	0.16
FC Index (M)	70.24	0.11
FC Index (L)	67.24	Unch

Cotlook Index: As on 01/9/2015

Cotlook Indices	Cents/Pound	Change
A-Index	70.20	-0.40

USDA Cotton Spot Rates: As on 01/9/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.08	65.33	NIL
North Delta	61.33	64.08	NIL
South Delta	61.33	64.08	NIL
East TX-OK	59.75	62.00	513
West Texas	58.75	61.00	29
Desert SW	60.58	67.08	NIL
SJ Valley	61.58	71.48	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 01/9/2015

Contract	Open	High	Low	Close	Change
15-Oct	63.65	63.73	63.36	63.58	-0.16
15-Dec	62.96	63.18	62.20	62.70	-0.30
16-Mar	62.41	62.74	61.80	62.13	-0.45
16-May	62.76	62.76	62.25	62.57	-0.33
16-Jul	63.16	63.16	62.70	63.01	-0.22
16-Oct	62.46	62.46	62.46	62.46	-0.54

Pakistan Cotton Spot rates: As on 01/9/2015 (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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