

Domestic Fundamentals:

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

In The News: In Fazilika district of Punjab, around 40% of the standing crop of cotton has been damaged by the white fly attack. According to the officials, 99,000 acre of cotton crop has been damaged either fully or partially due to the attack out of total 2.5 lakh hectares sown for cotton in the district.

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.

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	0.5	888	894.5	886	888.5	2261	-1806	6450	329
Spread	Feb-16			Apr-16					
Spot	--								
Feb-16				97.5					

(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 03 September 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-15	0	16500	16540	16440	16470	287	-386	2318	-8
Nov-15	-10	16410	16420	16330	16330	82	-175	1103	-11
Dec-15	-30	16410	16410	16300	16300	177	-187	4193	-22
Jan-16	-30	16490	16510	16440	16440	96	-58	484	138
Spread	Oct-15	Nov-15	Dec-15	Jan-16					
Spot	--								
Oct-15		140							
Nov-15			30						
Dec-15				-140					
Jan-16									

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

*Updated at 5:00 pm on 03 September 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		3-Sep-15	2-Sep-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4710	4710	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	Closed	4930	-
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	4400	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	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
	Kapas			
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	Closed	Closed	-
	Kapas			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	4250	4200	50
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4450	NA	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	4050	-
East Godavari	Un-Ginned	4050	4050	Unch
	Lint	Rs/Maund (of 37.32 Kg each)		
Abohar	J-34	3835	3825	10
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3830	3830	Unch
Sirsa	J-34	3780	3770	10
Sri-Ganganagar	J-34	3525	3525	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		3-Sep-15	2-Sep-15	
Amravati	Mech-1	NA	NA	-
Khandwa	Mech-1	NA	NA	-
Khargaan	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	Closed	120	-
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	200	125	75
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	Closed	-
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	1300	900	400
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	30	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
				2-Sep-15	1-Sep-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	33900	33600	300
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	34400	34100	300
J-34(202)	26mm	3.5 - 4.9	23	34900	34300	600
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33000	32700	300
Shankar-6(105)	29mm	3.5 - 4.9	28	35200	34600	600
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34200	34200	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35200	35200	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
		3-Sep-15	2-Sep-15	
Rajkot	Rs. /10 Kg.	615	615	Unch
New Delhi	Rs. /10 Kg.	600	600	Unch
Hyderabad	Rs. /10 Kg.	600	590	10
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
		3-Sep-15	2-Sep-15	
Mahesana (Kadi)	Rs./Qtl	2105	2079	26
Akola	Rs./Qtl	2043	2039	4

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 02/9/2015

Cotlook Indices	Cents/Pound	Change
A-Index	69.85	-0.35

USDA Cotton Spot Rates: As on 02/9/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	61.68	64.93	NIL
North Delta	60.93	63.68	NIL
South Delta	60.93	63.68	NIL
East TX-OK	59.25	61.50	290
West Texas	58.25	60.50	121
Desert SW	60.18	66.68	NIL
SJ Valley	61.18	71.08	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 02/9/2015

Contract	Open	High	Low	Close	Change
15-Oct	62.83	63.18	62.78	63.18	-0.40
15-Dec	62.70	62.80	62.11	62.49	-0.21
16-Mar	62.10	62.34	61.67	62.26	0.13
16-May	62.37	62.58	62.20	62.55	-0.02
16-Jul	62.82	62.92	62.60	62.74	-0.27
16-Oct	62.37	62.37	62.37	62.37	-0.09

Pakistan Cotton Spot rates: As on 02/9/2015 (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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