

## Domestic Fundamentals:

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

**In The News:** According to the latest estimates by ICAC (International cotton advisory committee), cotton production in India is likely to be around 6.37 million ton (375 lakh bales of 170 kg each) in 2015-16, around 2.15% lower when compared to the estimates production of 6.51 million tons (383 lakh bales) in 2014-15.

According to USDA's FAS (Foreign Agriculture Services), Mumbai, Cotton production in India would be around 37 million bales (of 170 kg each) in the season 2015-16 starting from October. Yield is expected to stand around 524 Kg per hectares against the five year average yield of 527 kg per hectare. The reason for the fall in the yield is the deficient rainfall in the latter half of the monsoon season which has slowed down the boll development and attack of pink bollworm and whitefly on the crop in Gujarat and Punjab respectively.

Around 377.5 lakh bales of cotton has been arrived in the market till 27 August 2015 from the 2014-15 crop, is the 97 percent of the total production during the season, said Cotton Corporation of India (CCI). CCI has auctioned 54.5 lakh bales (of 170 kg each), which is around 62 percent of the total procurement done by the CCI under the Minimum Support Price (MSP) operation during the season 2014-15.

Gujarat is likely to produce 95.29 Lakh tons of cotton in 2015-16 according to the first advance estimate released by the State Agriculture Department. Yield of cotton (lint yield) would stand around 600 kg per hectares in 2015-16.

Around 114.17 lakh hectares of cotton has been sown so far throughout the country, as on 04 September this year. This is around 7.7% lower than the corresponding sowing progress of last season which was 123.7 lakh hectares, according to Ministry of Agriculture.

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.

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.

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 ICAC (International cotton advisory committee) world cotton production is likely to be around 23.70 million tons around 9.5% lower when compared to the estimated production of 26.19 million tons in 2014-15. World cotton acreage would be standing lower this season by around 7% to 30.96 million hectares from 33.25 million hectares in 2014-15, said ICAC.

The International benchmark price i.e. Cotlook A Index in 2015-16 is expected to hover in the range of 59-89 US cents per pound with the midpoint of 72 US cents, according to ICAC. It should be noted that Cotlook A Index stood 70.78 US cents as yearly average price of season 2014-15.

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.

### 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   | -2.5 | 860  | 865  | 853 | 856.5 | 2714   | -788   | 6144 | 61     |

  

| Spread | Feb-16 | Apr-16 |
|--------|--------|--------|
| Spot   | --     |        |
| Feb-16 |        | 160.5  |

(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 10 September 2015

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

| Contract | +/- | Open  | High  | Low   | Close | Volume | Change | OI   | Change |
|----------|-----|-------|-------|-------|-------|--------|--------|------|--------|
| Oct-15   | -20 | 16280 | 16360 | 16250 | 16270 | 206    | -414   | 1907 | 10     |
| Nov-15   | -10 | 16140 | 16230 | 16140 | 16160 | 35     | -84    | 1071 | 8      |
| Dec-15   | -50 | 16220 | 16240 | 16150 | 16150 | 58     | -129   | 4258 | -20    |
| Jan-16   | 70  | 16300 | 16350 | 16300 | 16350 | 2      | -44    | 571  | 4      |

  

| Spread | Oct-15 | Nov-15 | Dec-15 | Jan-16 |  | -- |
|--------|--------|--------|--------|--------|--|----|
| Spot   | --     |        |        |        |  |    |
| Oct-15 |        | 110    |        |        |  |    |
| Nov-15 |        |        | 10     |        |  |    |
| Dec-15 |        |        |        | -200   |  |    |
| Jan-16 |        |        |        |        |  |    |

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

\*Updated at 5:00 pm on 10 September 2015

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

| Centre                 | Variety          | Prices                             |          | Change |
|------------------------|------------------|------------------------------------|----------|--------|
|                        |                  | 10-Sep-15                          | 9-Sep-15 |        |
|                        | <b>Kapas</b>     | <b>(Rs./Qtl)</b>                   |          |        |
| Amravati               | Mech-1           | 4800                               | 4800     | 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      | 5085                               | 5080     | 5      |
| 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*     | 4600                               | 4500     | 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)* | 3950                               | 3800     | 150    |
| Hanumangarh            | B.T. Cotton      | NA                                 | NA       | -      |
|                        | <b>Kapas</b>     | <b>(Rs./Qtl)</b>                   |          |        |
| Ahmedabad              | Shankar-6        | NA                                 | NA       | -      |
| Gondal                 | Shankar-6        | 5055                               | 5075     | -20    |
|                        | <b>Kapas</b>     | <b>(Rs./Qtl)</b>                   |          |        |
| Jamner (Jalgaon)       | Medium Staple    | NA                                 | NA       | -      |
| Hathras                | Desi*            | 4200                               | 4250     | -50    |
| 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                               | 4050     | Unch   |
|                        | <b>Lint</b>      | <b>Rs/Maund (of 37.32 kg each)</b> |          |        |
| Abohar                 | J-34*            | 3551                               | 3540     | 11     |
| Muktsar                | J-34             | NA                                 | NA       | -      |
| Fazilika               | J-34             | NA                                 | NA       | -      |

|                |       |      |      |      |
|----------------|-------|------|------|------|
| Bhatinda       | J-34* | 3550 | 3550 | Unch |
| Sirsa          | J-34* | 3540 | 3740 | -200 |
| Sri-Ganganagar | J-34  | 3478 | 3431 | 47   |

\*Prices of New Crop

### Cotton Arrivals in Key Centers:

| Centre                 | Variety         | Arrivals (Qtl) |          | Change |
|------------------------|-----------------|----------------|----------|--------|
|                        |                 | 10-Sep-15      | 9-Sep-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     | 180            | 170      | 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     | 1500           | 800      | 700    |
| 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) | 150            | 30       | 120    |
| Hanumangarh            | B.T. Cotton     | NA             | NA       | -      |
|                        |                 |                |          |        |
| Ahmedabad              | Shankar-6       | NA             | NA       | -      |
| Gondal                 | Shankar-6       | 196            | 75       | 121    |
|                        |                 |                |          |        |
| Jamner (Jalgaon)       | Medium Staple   | NA             | NA       | -      |
| Hathras                | Desi            | 1300           | 1200     | 100    |
| Bijapur                | Bunny           | NA             | NA       | -      |
| Hubli                  | D.C.H.          | NA             | NA       | -      |
| Raichur                | H-44 Cotton     | NA             | 30       | -      |
| Guntur                 | Un-Ginned       | NA             | NA       | -      |
| Kurnool                | Un-Ginned       | NA             | NA       | -      |
| Krishna                | Un-Ginned       | NA             | NA       | -      |
| East Godavari          | Un-Ginned       | NA             | NA       | -      |
|                        |                 |                |          |        |
| Abohar                 | J-34            | 85             | 340      | -255   |

|                |      |     |     |           |
|----------------|------|-----|-----|-----------|
| Bhatinda       | J-34 | 765 | 680 | <b>85</b> |
| 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      |
|---------------------------------------|--------|------------|----------------|---------------|----------|-------------|
|                                       |        |            |                | 9-Sep-15      | 8-Sep-15 |             |
| Bengal Deshi (RG)/Assam Comilla (101) | < 22mm | 5.0 - 7.0  | 15             | 34200         | 34200    | Unch        |
| Bengal Deshi (SG)(201)                | < 22mm | 5.0 - 7.0  | 15             | 34700         | 34700    | Unch        |
| J-34(202)                             | 26mm   | 3.5 - 4.9  | 23             | 34300         | 34700    | <b>-400</b> |
| H-4/ MECH-1(105)                      | 28mm   | 3.5 - 4.9  | 27             | 33300         | 33300    | Unch        |
| Shankar-6(105)                        | 29mm   | 3.5 - 4.9  | 28             | 35500         | 35500    | Unch        |
| 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    |
|-----------|-------------|-----------|----------|-----------|
|           |             | 10-Sep-15 | 9-Sep-15 |           |
| Rajkot    | Rs. /10 Kg. | 620       | 625      | <b>-5</b> |
| New Delhi | Rs. /10 Kg. | 598       | 598      | Unch      |
| Hyderabad | Rs. /10 Kg. | 610       | 600      | <b>10</b> |
| 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     |
|-----------------|---------|-----------|----------|------------|
|                 |         | 10-Sep-15 | 9-Sep-15 |            |
| Mahesana (Kadi) | Rs./Qtl | 2100      | 2120     | <b>-20</b> |
| Akola           | Rs./Qtl | 2073      | 2083     | <b>-13</b> |

**INTERNATIONAL PRICES AND INDICES**

| China Cotton Index: As on 10/9/2015 |         |           |
|-------------------------------------|---------|-----------|
| Index                               | RMB/Ton | Change    |
| CCIndex(328)                        | 13062   | <b>-3</b> |
| CCIndex(527)                        | 11960   | Unch      |
| CCIndex(229)                        | 13657   | <b>-2</b> |

**China Foreign Cotton (FC) Index : As on 10/9/2015**

| Index        | Cents/lb | Change |
|--------------|----------|--------|
| FC Index (S) | 76.01    | -0.26  |
| FC Index (M) | 70.19    | -0.23  |
| FC Index (L) | 67.29    | -0.30  |

**Cotlook Index: As on 9/9/2015**

| Cotlook Indices | Cents/Pound | Change |
|-----------------|-------------|--------|
| A-Index         | 70.25       | 0.45   |

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

| Growth Area | Leaf 4 to<br>Staple 34 | Leaf 3 to Staple<br>35 | Arrivals |
|-------------|------------------------|------------------------|----------|
|             | cents/lb.              |                        | bales    |
| Southeast   | 61.82                  | 65.07                  | NIL      |
| North Delta | 61.07                  | 63.82                  | NIL      |
| South Delta | 61.07                  | 63.82                  | NIL      |
| East TX-OK  | 60.00                  | 62.25                  | 2403     |
| West Texas  | 59.00                  | 61.25                  | NIL      |
| Desert SW   | 60.32                  | 66.82                  | NIL      |
| SJ Valley   | 61.32                  | 71.22                  | 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 9/9/2015**

| Contract | Open  | High  | Low   | Close | Change |
|----------|-------|-------|-------|-------|--------|
| 15-Oct   | 63.15 | 63.94 | 63.15 | 63.32 | 0.03   |
| 15-Dec   | 63.28 | 63.63 | 62.86 | 62.92 | -0.36  |
| 16-Mar   | 62.95 | 63.39 | 62.61 | 62.68 | -0.26  |
| 16-May   | 63.23 | 63.52 | 62.98 | 62.98 | -0.15  |
| 16-Jul   | 63.30 | 63.44 | 63.15 | 63.16 | -0.06  |
| 16-Oct   | 61.46 | 61.46 | 61.46 | 61.46 | -0.06  |

**Pakistan Cotton Spot rates: As on 9/9/2015 (in Pakistan Rupees)**

| Product    | Rate for  | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
|------------|-----------|--------------|------------------|-------------------|
| Cotton     | 37.32 Kgs | 4600         | 135              | 4735              |
| Equivalent | 40 Kgs    | 4930         | 145              | 5075              |

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