

## Domestic Fundamentals:

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

**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	859	860.5	851.5	856	1620	-1094	6282	138
Spread	Feb-16		Apr-16						
Spot	--								
Feb-16			154						

(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 11 September 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-15	-90	16280	16280	16120	16180	260	54	1943	36
Nov-15	-70	16160	16160	16040	16090	77	42	1063	-8
Dec-15	10	16160	16200	16100	16160	103	45	4226	-32
Jan-16	-60	16300	16300	16260	16260	2	0	568	-3
Spread	Oct-15	Nov-15	Dec-15	Jan-16					
Spot	--								
Oct-15		90							
Nov-15			-70						
Dec-15				-100					
Jan-16									

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

\*Updated at 5:00 pm on 11 September 2015

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

Centre	Variety	Prices		Change
		11-Sep-15	10-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	5050	5085	-35
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton*	4200	NA	-
Fazilika	B.T. Cotton*	4500	NA	-
Bhiwani	Desi*	4700	NA	-
Bhiwani	B.T. Cotton	4600	4600	Unch
Adampur	B.T. Cotton	NA	NA	-
Fatehabad	B.T. Cotton	NA	NA	-
Dabwali	B.T. Cotton*	4205	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)	3900	3950	-50
Hanumangarh	B.T. Cotton	NA	NA	-
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	5035	5055	-20
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	4350	4200	150
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	3570	3551	19
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3550	3550	Unch

Sirsa	J-34*	3540	3540	Unch
Mansa	J-34*	3525	NA	-
Sri-Ganganagar	J-34	3478	3478	Unch

\*New Crop

### Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		11-Sep-15	10-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	240	180	60
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton*	25	NA	-
Muktsar	B.T. Cotton*	170	NA	-
Bhiwani	Desi*	100	NA	-
Bhiwani	B.T. Cotton	1500	1500	Unch
Adampur	B.T. Cotton	NA	NA	-
Fatehabad	B.T. Cotton	NA	NA	-
Dabwali	B.T. Cotton*	10	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	501	196	305
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	1300	1300	Unch
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	43	85	-42
Bhatinda	J-34	425	765	-340

Sirsa	J-34	NA	NA	-
Mansa	J-34	250	NA	-
Sri-Ganganagar	J-34	NA	NA	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				10-Sep-15	9-Sep-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	33700	34200	<b>-500</b>
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	34200	34700	<b>-500</b>
J-34(202)	26mm	3.5 - 4.9	23	34100	34300	<b>-200</b>
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33300	33300	<b>Unch</b>
Shankar-6(105)	29mm	3.5 - 4.9	28	35500	35500	<b>Unch</b>
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34200	34200	<b>Unch</b>
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35200	35200	<b>Unch</b>
DCH-32(107)	34mm	3.0 - 3.8	33	42500	42500	<b>Unch</b>

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

Centre	Unit	Price		Change
		11-Sep-15	10-Sep-15	
Rajkot	Rs. /10 Kg.	625	620	<b>5</b>
New Delhi	Rs. /10 Kg.	598	598	<b>Unch</b>
Hyderabad	Rs. /10 Kg.	605	610	<b>-5</b>
Mumbai	Rs. /10 Kg.	615	615	<b>Unch</b>

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

Centre	Unit	Price		Change
		11-Sep-15	10-Sep-15	
Mahesana (Kadi)	Rs./Qtl	2092	2100	<b>-8</b>
Akola	Rs./Qtl	2070	2070	<b>Unch</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	<b>Unch</b>
CCIndex(229)	13657	<b>-2</b>

**China Foreign Cotton (FC) Index : As on 11/9/2015**

Index	Cents/lb	Change
FC Index (S)	75.80	-0.21
FC Index (M)	70.16	-0.03
FC Index (L)	67.08	-0.21

**Cotlook Index: As on 10/9/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	70.00	-0.25

**USDA Cotton Spot Rates: As on 10/9/2015**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	61.98	65.23	NIL
North Delta	61.23	63.98	NIL
South Delta	61.23	63.98	NIL
East TX-OK	60.25	62.50	637
West Texas	59.25	61.50	219
Desert SW	60.48	66.98	NIL
SJ Valley	61.48	71.38	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 10/9/2015**

Contract	Open	High	Low	Close	Change
15-Oct	63.72	63.72	63.25	63.48	0.16
15-Dec	63.17	63.90	62.91	63.05	0.13
16-Mar	62.95	63.58	62.68	62.80	0.12
16-May	63.64	63.64	63.03	63.14	0.16
16-Jul	63.80	63.84	63.25	63.34	0.18
16-Oct	61.94	61.94	61.94	61.94	0.48

**Pakistan Cotton Spot rates: As on 10/9/2015 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	4650	135	4785
Equivalent	40 Kgs	4983	145	5128

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