

Domestic Fundamentals:

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

In The News: Around 114.75 lakh hectares of cotton has been sown so far throughout the country, as on 11 September this year. This is around 8.5% lower than the corresponding sowing progress of last season which was 125.29 lakh hectares, according to Ministry of Agriculture.

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.

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:

USDA has further slashed down the cotton production estimates for the season 2015-16 to 23.67 million tons in September, which was earlier estimated to be around 23.73 million tons a month ago. Cotton production for the season 2014-15, according to USDA would be standing around 25.89 million tons.

World cotton exports in 2015-16 according to USDA are likely to be around 7.45 million tons as per the latest estimates by USDA, slightly lower than 7.51 million tons, which was estimated a month ago. According to USDA, world cotton export for the season 2014-15 is likely to stand around 7.70 million tons.

USDA has revised the world cotton consumption estimates for 2015-16 downwardly to 24.69 million tons, which was estimated to be around 24.96 million tons in August estimates. The downwards revision in the consumption figures is the result of fall in the consumption estimates of major consumers including India, Pakistan and Turkey majorly. No Change by consumption of China and Bangladesh is made by USDA this month. It should be noted that the consumption for the season 2014-15 would be standing around 24.28 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	852	853.5	843.5	851.5	2184	564	6395	113

Spread	Feb-16	Apr-16
Spot	--	
Feb-16		122.5

(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 14 September 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-15	50	16150	16210	16070	16180	337	77	1971	28
Nov-15	40	16050	16050	15970	16040	153	76	1016	-47
Dec-15	40	16100	16100	16010	16090	265	162	4193	-33
Jan-16	-20	16150	16200	16120	16200	77	75	598	30

Spread	Oct-15	Nov-15	Dec-15	Jan-16
Spot	--			
Oct-15		140		
Nov-15			-50	
Dec-15				-110
Jan-16				

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

*Updated at 5:00 pm on 14 September 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		14-Sep-15	12-Sep-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4800	4800	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas	(Rs./Qtl)		
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	4870	NA	-
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	4225	4225	Unch
Fazilika	B.T. Cotton	NA	4500	-
Bhiwani	Desi*	NA	4600	-
Bhiwani	B.T. Cotton*	4610	4600	10
Adampur	B.T. Cotton	NA	NA	-
Fatehabad	B.T. Cotton	NA	NA	-
Dabwali	B.T. Cotton*	4250	4200	50
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)	4100	3900	200
Hanumangarh	B.T. Cotton	NA	NA	-
	Kapas	(Rs./Qtl)		
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	4955	4980	-25
	Kapas	(Rs./Qtl)		
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	4250	4250	Unch
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	4255	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	4050	NA	-
East Godavari	Un-Ginned	4050	NA	-
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34*	3570	3570	Unch
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34*	3550	3550	Unch
Sirsa	J-34*	3550	3540	10

Mansa	J-34*	3565	3525	40
Sri-Ganganagar	J-34	3173	3478	-305

*New Crop Prices

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		14-Sep-15	12-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	530	NA	-
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	20	-
Muktsar	B.T. Cotton	255	170	85
Bhiwani	Desi*	NA	NA	-
Bhiwani	B.T. Cotton	2500	1500	1000
Adampur	B.T. Cotton	NA	NA	-
Fatehabad	B.T. Cotton	NA	NA	-
Dabwali	B.T. Cotton	175	20	155
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	195	115	80
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	900	1200	-300
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	22	-
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	34	51
Bhatinda	J-34	340	530	-190
Sirsa	J-34	25	40	-15
Mansa	J-34	150	200	-50

Sri-Ganganagar	J-34	NA	NA	-
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Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength / GPT	Rs. Per Candy		Change
				12-Sep-15	11-Sep-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	33700	33700	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	34200	34200	Unch
J-34(202)	26mm	3.5 - 4.9	23	33800	33900	-100
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	43000	42500	500

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

Centre	Unit	Price		Change
		14-Sep-15	12-Sep-15	
Rajkot	Rs. /10 Kg.	620	620	Unch
New Delhi	Rs. /10 Kg.	598	598	Unch
Hyderabad	Rs. /10 Kg.	600	600	Unch
Mumbai	Rs. /10 Kg.	620	615	5

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

Centre	Unit	Price		Change
		14-Sep-15	12-Sep-15	
Mahesana (Kadi)	Rs./Qtl	2093	Closed	-
Akola	Rs./Qtl	2075	Closed	-

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 14/9/2015		
Index	RMB/Ton	Change
CCIndex(328)	13059	-1
CCIndex(527)	11959	0
CCIndex(229)	13641	-16

China Foreign Cotton (FC) Index : As on 14/9/2015

Index	Cents/lb	Change
FC Index (S)	75.80	Unch
FC Index (M)	70.16	Unch
FC Index (L)	67.08	Unch

Cotlook Index: As on 11/9/2015

Cotlook Indices	Cents/Pound	Change
A-Index	70.00	Unch

USDA Cotton Spot Rates: As on 11/9/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.59	65.84	NIL
North Delta	61.84	64.59	NIL
South Delta	61.84	64.59	NIL
East TX-OK	60.75	63.00	NIL
West Texas	59.75	62.00	129
Desert SW	61.09	67.59	NIL
SJ Valley	62.09	71.99	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 11/9/2015

Contract	Open	High	Low	Close	Change
15-Oct	63.34	65.03	62.38	64.09	0.61
15-Dec	62.95	64.20	62.05	63.13	0.08
16-Mar	62.67	63.93	61.91	62.91	0.11
16-May	63.02	64.19	62.39	63.30	0.16
16-Jul	63.25	64.40	62.77	63.68	0.34
16-Oct	62.75	62.75	62.75	62.75	0.81

Pakistan Cotton Spot rates: As on 12/9/2015 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	4700	135	4835
Equivalent	40 Kgs	5037	145	5182

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