

Domestic Fundamentals:

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

In The News: Immediate compensation of Rs 10 crore has been announced by the Punjab Chief Minister, Parkash Singh Badal for the farmers who have uprooted their cotton crop due to the attack of white fly.

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.

International Fundamentals:

Cotton imports by China in August stood 70,000 tons, the lowest monthly import since at least year 2005 and around 65.8 percent lower than the imports during the same month last year, as revealed by custom data. The fall in the import is the result of issuance of lower import quota by Beijing in order to amplify the demand of domestic crop.

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.

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	-4	850	851	845.5	848	1224	-960	6367	-28
Spread		Feb-16			Apr-16				
Spot		--							
Feb-16					135				

(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 15 September 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-15	-90	16200	16210	16140	16140	116	-221	1943	-28
Nov-15	-50	16040	16070	16000	16030	106	-47	1025	9
Dec-15	-80	16060	16080	16020	16030	186	-79	4196	3
Jan-16	-30	16150	16180	16150	16180	43	-34	645	47
Spread		Oct-15	Nov-15	Dec-15	Jan-16				--
Spot		--							
Oct-15			110						
Nov-15				0					
Dec-15					-150				
Jan-16									

(NB: Spread Basis = Spot- Near Month Future)
 *Updated at 5:00 pm on 15 September 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		15-Sep-15	14-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	4915	4870	45
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	4475	4500	-25
Muktsar	B.T. Cotton	4225	4225	Unch
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	Desi*	NA	NA	-
Bhiwani	B.T. Cotton*	4630	4610	20
Adampur	B.T. Cotton	NA	NA	-
Fatehabad	B.T. Cotton	NA	NA	-
Dabwali	B.T. Cotton*	4245	4250	-5
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	4100	-
Hanumangarh	B.T. Cotton	NA	NA	-
	Kapas	(Rs./Qtl)		
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	4955	4955	Unch
	Kapas	(Rs./Qtl)		
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	4250	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	4550	-
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 37.32kg each)		
Abohar	J-34*	3580	3570	10
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34*	3550	3550	Unch

Sirsa	J-34*	3560	3550	10
Mansa	J-34*	3570	3565	5
Sri-Ganganagar	J-34	3455	3455	Unch

*New Crop Prices

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		15-Sep-15	14-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	490	530	-40
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	170	255	-85
Bhiwani	Desi*	NA	NA	-
Bhiwani	B.T. Cotton	5000	2500	2500
Adampur	B.T. Cotton	NA	NA	-
Fatehabad	B.T. Cotton	NA	NA	-
Dabwali	B.T. Cotton	NA	175	-
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	305	195	110
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	900	-
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	43	85	-42
Bhatinda	J-34	425	340	85
Sirsa	J-34	40	25	15

Mansa	J-34	175	150	25
Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength / GPT	Rs. Per Candy		Change
				14-Sep-15	12-Sep-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	33200	33700	-500
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	33700	34200	-500
J-34(202)	26mm	3.5 - 4.9	23	33700	33800	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33000	33300	-300
Shankar-6(105)	29mm	3.5 - 4.9	28	35000	35500	-500
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34000	34200	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35000	35200	-200
DCH-32(107)	34mm	3.0 - 3.8	33	42500	43000	-500

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

Centre	Unit	Price		Change
		15-Sep-15	14-Sep-15	
Rajkot	Rs. /10 Kg.	625	620	5
New Delhi	Rs. /10 Kg.	598	598	Unch
Hyderabad	Rs. /10 Kg.	600	600	Unch
Mumbai	Rs. /10 Kg.	620	620	Unch

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

Centre	Unit	Price		Change
		15-Sep-15	14-Sep-15	
Mahesana (Kadi)	Rs./Qtl	2070	2093	-23
Akola	Rs./Qtl	2077	2075	2

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 15/9/2015		
Index	RMB/Ton	Change
CCIndex(328)	13059	Unch
CCIndex(527)	11962	3
CCIndex(229)	13646	5

China Foreign Cotton (FC) Index : As on 15/9/2015		
Index	Cents/lb	Change
FC Index (S)	75.79	-0.43
FC Index (M)	70.36	-0.27
FC Index (L)	67.41	-0.30

Cotlook Index: As on 14/9/2015		
Cotlook Indices	Cents/Pound	Change
A-Index	70.00	Unch

USDA Cotton Spot Rates: As on 14/9/2015			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.01	65.26	NIL
North Delta	61.26	64.01	NIL
South Delta	61.26	64.01	NIL
East TX-OK	60.25	62.50	451
West Texas	59.25	61.50	NIL
Desert SW	60.51	67.01	NIL
SJ Valley	61.51	71.41	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 14/9/2015					
Contract	Open	High	Low	Close	Change
15-Oct	64.24	64.44	63.51	63.51	-0.58
15-Dec	63.20	63.70	62.43	62.55	-0.58
16-Mar	63.33	63.35	62.26	62.33	-0.58
16-May	63.30	63.30	62.73	62.74	-0.56
16-Jul	63.70	63.77	62.95	63.08	-0.60
16-Oct	62.15	2-Mar	62.15	62.15	-0.60

Pakistan Cotton Spot rates: As on 14/9/2015 (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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