

## Domestic Fundamentals:

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

**In The News:** Around 115.20 lakh hectares of cotton has been sown so far throughout the country, as on 18 September this year. This is around 8.3% lower than the corresponding sowing progress of last season which was 125.75 lakh hectares, according to Ministry of Agriculture.

According to the first advance estimates for Kharif 2015-16 released by Department of Agriculture and Co-operation (DAC), Ministry of Agriculture, cotton production in country would be around 33.51 million bales (of 170 kg each), fairly lower when compared to the final estimates for 2014-15 which was 35.47 million bales.

To purchase cotton directly from farmers, 90 outlets of Cotton Corporation (CCI) of India would start working from Oct 10 in Telangana, said Marketing minister T Harish Rao. He also said that government would issue the identity cards shortly to cotton farmers in state.

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.

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	-6.5	837.5	839	831.5	832.5	2184	605	6028	-64
Spread	Feb-16		Apr-16						
Spot	--								
Feb-16			139.5						

(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 18 September 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-15	-90	16000	16040	15950	15970	236	-238	2008	-139
Nov-15	-80	15840	15960	15810	15840	215	-50	1118	-1
Dec-15	-80	15840	15860	15800	15850	320	49	4240	24
Jan-16	-150	15980	15980	15930	15950	65	50	657	29
Spread	Oct-15	Nov-15	Dec-15	Jan-16					
Spot	--								
Oct-15		130							
Nov-15			-10						
Dec-15				-100					
Jan-16									

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

\*Updated at 5:00 pm on 18 September 2015

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

Centre	Variety	Prices		Change
		18-Sep-15	17-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	NA	Closed	-
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	4450	4300	150
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	Desi*	NA	NA	-
Bhiwani	B.T. Cotton	4700	4700	Unch
Adampur	B.T. Cotton	NA	NA	-
Fatehabad	B.T. Cotton	NA	NA	-
Dabwali	B.T. Cotton	4425	4360	65
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	-
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	NA	4830	-
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	4200	4150	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	NA	-
East Godavari	Un-Ginned	4050	NA	-
	<b>Lint</b>	<b>Rs./Maund (of 37.32 kg each)</b>		
Abohar	J-34	3600	3590	10
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3600	3560	40
Sirsa	J-34	3570	3565	5
Mansa	J-34	3590	3585	5

Sri-Ganganagar	J-34	3455	3455	Unch
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**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		18-Sep-15	17-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	NA	NA	-
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	850	-680
Bhiwani	Desi*	NA	NA	-
Bhiwani	B.T. Cotton	7000	6000	1000
Adampur	B.T. Cotton	NA	NA	-
Fatehabad	B.T. Cotton	NA	NA	-
Dabwali	B.T. Cotton	175	100	75
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	NA	152	-
		NA		
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
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	128	85	43
Bhatinda	J-34	255	425	-170
Sirsa	J-34	125	80	45
Mansa	J-34	100	50	50
Sri-Ganganagar	J-34	NA	NA	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				17-Sep-15	16-Sep-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	32700	32700	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	33200	33200	Unch
J-34(202)	26mm	3.5 - 4.9	23	33300	33300	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32700	32700	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	34500	34500	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33600	33600	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34700	34700	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
		18-Sep-15	17-Sep-15	
Rajkot	Rs. /10 Kg.	625	620	5
New Delhi	Rs. /10 Kg.	598	598	Unch
Hyderabad	Rs. /10 Kg.	605	Closed	-
Mumbai	Rs. /10 Kg.	640	Closed	-

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

Centre	Unit	Price		Change
		18-Sep-15	17-Sep-15	
Mahesana (Kadi)	Rs./Qtl	2054	Closed	-
Akola	Rs./Qtl	2078	Closed	-

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 18/9/2015**

Index	RMB/Ton	Change
CCIndex(328)	13059	1
CCIndex(527)	11963	7
CCIndex(229)	13636	Unch

**China Foreign Cotton (FC) Index : As on 18/9/2015**

Index	Cents/lb	Change
FC Index (S)	75.89	-0.25
FC Index (M)	70.44	-0.23
FC Index (L)	67.48	-0.30

**Cotlook Index: As on 17/9/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	69.35	0.10

**USDA Cotton Spot Rates: As on 17/9/2015**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	61.90	65.15	NIL
North Delta	61.15	63.90	NIL
South Delta	61.15	63.90	NIL
East TX-OK	59.25	61.50	1283
West Texas	58.25	60.50	NIL
Desert SW	59.40	65.90	NIL
SJ Valley	60.40	70.30	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 16/9/2015**

Contract	Open	High	Low	Close	Change
15-Oct	62.31	62.31	61.31	61.83	-0.55
15-Dec	62.55	63.21	62.30	62.40	-0.31
16-Mar	62.27	62.82	62.11	62.22	-0.20
16-May	62.61	63.00	62.42	62.56	-0.14
16-Jul	63.12	63.19	62.65	62.82	-0.12
16-Oct	61.92	61.92	61.92	61.92	-0.10

**Pakistan Cotton Spot rates: As on 17/9/2015 (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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