

## Domestic Fundamentals:

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

**In The News:** As cotton exports has witnessed steep fall in exports, the cotton textile exporters want the government to accelerate free trade agreement with major overseas buyers including European Union, Australia and Canada in order to widen the export opportunity channel. Although the Indian cotton and cotton textile has been proved price-competitive, but the preference has been given to countries like Bangladesh, Cambodia, Pakistan, South-Korea, Turkey and Vietnam.

In Gujarat, the major producer of cotton in India, around 27.61 lakh hectares of cotton has been planted as on 18 September 2015, which is around 8% lower when compared to the sowing area of cotton on the same date last year, according to Ministry of Agriculture. The overall acreage of cotton in the country is declining, but still prices of cotton is likely to rule low in the upcoming season due to the surplus stocks available to us.

Cotton sowing area in Telangana, one of the major cotton growing states, is standing higher this year so far. As on 18 September this year, 16.73 lakh hectares of cotton has been sown in state, around 2.3% higher when compared to the area sown during the same period last season.

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.

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.

### 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	7	824.5	837.5	824	835	2335	151	6027	-1
Spread	Feb-16		Apr-16						
Spot	--								
Feb-16			106						

(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 21 September 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-15	-60	15850	15920	15810	15860	410	174	2016	8
Nov-15	-90	15680	15730	15650	15680	295	80	1191	73
Dec-15	-140	15640	15740	15620	15620	499	179	4267	27
Jan-16	-140	15820	15830	15720	15730	78	13	718	61
Spread	Oct-15	Nov-15	Dec-15	Jan-16					
Spot	--								
Oct-15		180							
Nov-15			60						
Dec-15				-110					
Jan-16									

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

\*Updated at 5:00 pm on 21 September 2015

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

Centre	Variety	Prices		Change
		21-Sep-15	19-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>			
Mahesana(Kadi)	B.T. Cotton	NA	NA	-
Rajkot	B.T. Cotton	4705	NA	-
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton*	4400	4475	-75
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	Desi*	NA	NA	
Bhiwani	B.T. Cotton*	4780	4700	80
Adampur	B.T. Cotton	NA	NA	-
Fatehabad	B.T. Cotton	NA	NA	-
Dabwali	B.T. Cotton*	4450	4430	20
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)	4000	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
	<b>Kapas</b>			
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	4705	NA	-
	<b>Kapas</b>			
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	NA	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	4050	NA	-
East Godavari	Un-Ginned	4050	4050	Unch
	<b>Lint</b>	<b>Rs./Maund (of 37.32kg each)</b>		
Abohar	J-34*	3625	3610	15
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34*	3615	3575	40

Sirsa	J-34*	3600	3580	20
Mansa	J-34*	3625	3605	20
Sri-Ganganagar	J-34	NA	3455	-

\*New Crop Prices

### Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		21-Sep-15	19-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	630	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	425	680	-255
Bhiwani	Desi*	NA	NA	
Bhiwani	B.T. Cotton	3000	2500	500
Adampur	B.T. Cotton	NA	NA	-
Fatehabad	B.T. Cotton	NA	NA	-
Dabwali	B.T. Cotton	150	4430	-4280
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	51	NA	-
		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	85	510	-425

Bhatinda	J-34	850	850	Unch
Sirsa	J-34	100	30	70
Mansa	J-34	212	170	42
Sri-Ganganagar	J-34	NA	NA	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				19-Sep-15	18-Sep-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	32500	32700	-200
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	33000	33200	-200
J-34(202)	26mm	3.5 - 4.9	23	33200	33200	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32500	32700	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	34400	34400	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
		21-Sep-15	19-Sep-15	
Rajkot	Rs. /10 Kg.	620	615	5
New Delhi	Rs. /10 Kg.	598	598	Unch
Hyderabad	Rs. /10 Kg.	600	615	-15
Mumbai	Rs. /10 Kg.	630	635	-5

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

Centre	Unit	Price		Change
		21-Sep-15	19-Sep-15	
Mahesana (Kadi)	Rs./Qtl	2067	Closed	-
Akola	Rs./Qtl	2050	Closed	-

**INTERNATIONAL PRICES AND INDICES**

China Cotton Index: As on 21/9/2015		
Index	RMB/Ton	Change
CCIndex(328)	13059	Unch
CCIndex(527)	11970	7
CCIndex(229)	13638	2

**China Foreign Cotton (FC) Index : As on 21/9/2015**

Index	Cents/lb	Change
FC Index (S)	74.20	-1.69
FC Index (M)	68.81	-1.63
FC Index (L)	65.53	-1.95

**Cotlook Index: As on 18/9/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	69.10	-0.25

**USDA Cotton Spot Rates: As on 18/9/2015**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	60.05	63.30	NIL
North Delta	59.30	62.05	NIL
South Delta	59.30	62.05	NIL
East TX-OK	58.25	60.50	1256
West Texas	57.25	59.50	526
Desert SW	57.55	64.05	NIL
SJ Valley	58.55	68.45	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 18/9/2015**

Contract	Open	High	Low	Close	Change
15-Oct	61.80	61.80	59.53	59.85	-1.98
15-Dec	62.40	62.48	60.40	60.55	-1.85
16-Mar	62.24	62.24	60.40	60.52	-1.70
16-May	62.50	62.50	60.93	61.01	-1.55
16-Jul	62.72	62.72	61.39	61.51	-1.31
16-Oct	60.75	60.75	60.75	60.75	-1.17

**Pakistan Cotton Spot rates: As on 19/9/2015 (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

**Disclaimer**

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2015 Indian Agribusiness Systems Pvt. Ltd.