

Domestic Fundamentals:

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

In The News: Ministry of Agriculture has informed Prime Minister office that as Monsanto's patent on Cry 1 gene has expired in 2102 in USA, CICR (Central Institute of Cotton Research)can go ahead to develop the native variety of Bt cotton which can reduce the seed cost of cotton farmers. The domestically developed variety would be available at Rs 150 per kilogram as compared of Rs 2000 per kilogram per kilogram sold by Monsanto.

Indian Cotton Federation (ICF) believes that the cotton output in country would be around 385 lakh bales in 2015-16, same as the current year's output. Considering the situation, we expect prices to rule sideways to slightly weak as stocks are standing in surplus position.

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.

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 | -4.5 | 835 | 835 | 828 | 829.5 | 1241 | -1094 | 5966 | -61 |
| | | | | | | | | | |
| Spread | Feb-16 | | | Apr-16 | | | | | |
| Spot | -- | | | | | | | | |
| Feb-16 | | | | 87.5 | | | | | |

(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 22 September 2015

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

| Contract | +/- | Open | High | Low | Close | Volume | Change | OI | Change |
|----------|--------|--------|--------|--------|-------|--------|--------|------|--------|
| Oct-15 | -40 | 15700 | 15850 | 15700 | 15790 | 245 | -165 | 1951 | -65 |
| Nov-15 | -50 | 15510 | 15610 | 15510 | 15560 | 152 | -143 | 1213 | 22 |
| Dec-15 | -50 | 15530 | 15570 | 15520 | 15540 | 166 | -333 | 4268 | 1 |
| Jan-16 | -50 | 15650 | 15670 | 15610 | 15620 | 58 | -20 | 766 | 48 |
| | | | | | | | | | |
| Spread | Oct-15 | Nov-15 | Dec-15 | Jan-16 | | | | | -- |
| Spot | -- | | | | | | | | |
| Oct-15 | 230 | | | | | | | | |
| Nov-15 | | | 20 | | | | | | |
| Dec-15 | | | | | -80 | | | | |
| Jan-16 | | | | | | | | | |

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

*Updated at 5:00 pm on 22 September 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

| Centre | Variety | Prices | | Change |
|------------------------|-----------------|------------------------------------|-----------|--------|
| | | 22-Sep-15 | 21-Sep-15 | |
| | Kapas | (Rs./Qtl) | | |
| Amravati | Mech-1 | 4800 | 4800 | Unch |
| Khandwa | Mech-1 | NA | NA | - |
| Khargaon | Mech-1 | NA | NA | - |
| | Kapas | | | |
| Mahesana(Kadi) | B.T. Cotton | NA | NA | - |
| Rajkot | B.T. Cotton | 4585 | 4705 | -120 |
| Patan | B.T. Cotton | NA | NA | - |
| Deesa | B.T. Cotton | NA | NA | - |
| Dhrol | B.T. Cotton | 4455 | NA | - |
| Muktsar | B.T. Cotton | NA | 4400 | - |
| Fazilika | B.T. Cotton | NA | NA | - |
| Bhiwani | Desi | NA | NA | |
| Bhiwani | B.T. Cotton | 4800 | 4780 | 20 |
| Adampur | B.T. Cotton | NA | NA | - |
| Fatehabad | B.T. Cotton | NA | NA | - |
| Dabwali | B.T. Cotton | 4410 | 4450 | -40 |
| 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 | 4000 | - |
| Hanumangarh | B.T. Cotton | NA | NA | - |
| | Kapas | | | |
| Ahmedabad | Shankar-6 | NA | NA | - |
| Gondal | Shankar-6 | 4745 | 4705 | 40 |
| | Kapas | | | |
| 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 | 4050 | 4050 | Unch |
| East Godavari | Un-Ginned | 4050 | 4050 | Unch |
| | Lint | Rs./Maund (of 37.32kg each) | | |
| Abohar | J-34 | 3630 | 3625 | 5 |
| Muktsar | J-34 | NA | NA | - |
| Fazilika | J-34 | NA | NA | - |
| Bhatinda | J-34 | 3620 | 3615 | 5 |

| | | | | |
|----------------|------|------|------|------|
| Sirsa | J-34 | 3600 | 3600 | Unch |
| Mansa | J-34 | 3625 | 3625 | Unch |
| Sri-Ganganagar | J-34 | 3431 | NA | - |

Cotton Arrivals in Key Centers:

| Centre | Variety | Arrivals (Qtl) | | Change |
|------------------------|-----------------|----------------|-----------|--------|
| | | 22-Sep-15 | 21-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 | 480 | 630 | -150 |
| Patan | B.T. Cotton | NA | NA | - |
| Deesa | B.T. Cotton | NA | NA | - |
| Dhrol | B.T. Cotton | 31 | NA | - |
| Fazilika | B.T. Cotton | NA | NA | - |
| Muktsar | B.T. Cotton | NA | 425 | - |
| Bhiwani | Desi | NA | NA | |
| Bhiwani | B.T. Cotton | 5000 | 3000 | 2000 |
| Adampur | B.T. Cotton | NA | NA | - |
| Fatehabad | B.T. Cotton | NA | NA | - |
| Dabwali | B.T. Cotton | 175 | 150 | 25 |
| 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 | 314 | 51 | 263 |
| | | | | |
| 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 | 85 | Unch |
| Bhatinda | J-34 | 850 | 850 | Unch |
| Sirsa | J-34 | 255 | 100 | 155 |
| Mansa | J-34 | 255 | 212 | 43 |

| | | | | |
|----------------|------|----|----|---|
| Sri-Ganganagar | J-34 | NA | NA | - |
|----------------|------|----|----|---|

Cotton Association of India Spot Rates:

| Trade Name | Staple | Micronaire | Strength / GPT | Rs. Per Candy | | Change |
|---------------------------------------|--------|------------|----------------|---------------|-----------|--------|
| | | | | 21-Sep-15 | 19-Sep-15 | |
| Bengal Deshi (RG)/Assam Comilla (101) | < 22mm | 5.0 - 7.0 | 15 | 32200 | 32500 | -300 |
| Bengal Deshi (SG)(201) | < 22mm | 5.0 - 7.0 | 15 | 32700 | 33000 | -300 |
| J-34(202) | 26mm | 3.5 - 4.9 | 23 | 32900 | 33200 | -300 |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 32300 | 32500 | -200 |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 34200 | 34400 | -200 |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 33400 | 33600 | -200 |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | 34500 | 34700 | -200 |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 42000 | 42500 | -500 |

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

| Centre | Unit | Price | | Change |
|-----------|-------------|-----------|-----------|--------|
| | | 22-Sep-15 | 21-Sep-15 | |
| Rajkot | Rs. /10 Kg. | 618 | 620 | -2 |
| New Delhi | Rs. /10 Kg. | 598 | 598 | Unch |
| Hyderabad | Rs. /10 Kg. | 600 | 600 | Unch |
| Mumbai | Rs. /10 Kg. | 625 | 630 | -5 |

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

| Centre | Unit | Price | | Change |
|-----------------|---------|-----------|-----------|--------|
| | | 22-Sep-15 | 21-Sep-15 | |
| Mahesana (Kadi) | Rs./Qtl | 2053 | 2067 | -14 |
| Akola | Rs./Qtl | 2046 | 2050 | -4 |

INTERNATIONAL PRICES AND INDICES

| China Cotton Index: As on 22/9/2015 | | |
|-------------------------------------|---------|--------|
| Index | RMB/Ton | Change |
| CCIndex(328) | 13061 | 2 |
| CCIndex(527) | 11971 | 1 |
| CCIndex(229) | 13645 | 7 |

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 21/9/2015

| Cotlook Indices | Cents/Pound | Change |
|-----------------|-------------|--------|
| A-Index | 67.30 | -1.80 |

USDA Cotton Spot Rates: As on 21/9/2015

| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|------------------------|------------------------|----------|
| | cents/lb. | | bales |
| Southeast | 60.29 | 63.54 | NIL |
| North Delta | 59.54 | 62.29 | NIL |
| South Delta | 59.54 | 62.29 | NIL |
| East TX-OK | 58.50 | 60.75 | 265 |
| West Texas | 57.50 | 59.75 | 704 |
| Desert SW | 57.79 | 64.29 | NIL |
| SJ Valley | 58.79 | 68.69 | 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 21/9/2015

| Contract | Open | High | Low | Close | Change |
|----------|-------|-------|-------|-------|--------|
| 15-Oct | 59.26 | 60.41 | 59.16 | 59.75 | -0.10 |
| 15-Dec | 60.47 | 60.92 | 60.10 | 60.79 | 0.24 |
| 16-Mar | 60.46 | 60.90 | 60.00 | 60.63 | 0.11 |
| 16-May | 60.86 | 61.24 | 60.57 | 61.12 | 0.11 |
| 16-Jul | 61.38 | 61.76 | 61.10 | 61.60 | 0.09 |
| 16-Oct | 60.84 | 60.84 | 60.84 | 60.84 | 0.09 |

Pakistan Cotton Spot rates: As on 21/9/2015 (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

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