

Domestic Fundamentals:

Market Outlook: Cotton spot market noticed mostly firm tone on Wednesday due to good demand.

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	0	801	801	801	801	0	-2	17	0
Apr-16	1	828	831	824.5	828	1639	398	5908	-58
Spread	Feb-16			Apr-16					
Spot	--								
Feb-16				123					

(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 23 September 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-15	60	15750	15800	15720	15790	247	2	1848	-103
Nov-15	80	15480	15580	15480	15560	83	-69	1213	0
Dec-15	70	15460	15560	15420	15540	134	-32	4278	10
Jan-16	80	15560	15650	15560	15630	12	-46	787	21
Spread	Oct-15	Nov-15	Dec-15	Jan-16					
Spot	--								
Oct-15		230							
Nov-15			20						
Dec-15				-90					
Jan-16									

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

*Updated at 5:00 pm on 23 September 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		23-Sep-15	22-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	4755	4585	170
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	4455	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	Desi*	NA	NA	
Bhiwani	B.T. Cotton	4700	4800	-100
Adampur	B.T. Cotton	NA	NA	-
Fatehabad	B.T. Cotton	NA	NA	-
Dabwali	B.T. Cotton	4455	4410	45
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	-
	Kapas			
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	4755	4745	10
	Kapas			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	4150	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	3640	3630	10
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3650	3620	30
Sirsa	J-34	3615	3600	15

Mansa	J-34*	NA	3625	-
Sri-Ganganagar	J-34	3398	3431	-33

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		23-Sep-15	22-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	1150	480	670
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	31	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	Desi*	NA	NA	
Bhiwani	B.T. Cotton	5000	5000	Unch
Adampur	B.T. Cotton	NA	NA	-
Fatehabad	B.T. Cotton	NA	NA	-
Dabwali	B.T. Cotton	200	175	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)	500	NA	-
Hanumangarh	B.T. Cotton	NA	NA	-
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	570	314	256
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	1600	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	301	85	216
Bhatinda	J-34	1190	850	340

Sirsa	J-34	170	255	-85
Mansa	J-34	NA	255	-
Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				22-Sep-15	21-Sep-15	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	31700	32200	-500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	32200	32700	-500
J-34(202)	26mm	3.5 - 4.9	23	32900	32900	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31800	32300	-500
Shankar-6(105)	29mm	3.5 - 4.9	28	34200	34200	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33400	33400	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34500	34500	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	42500	42000	500

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

Centre	Unit	Price		Change
		23-Sep-15	22-Sep-15	
Rajkot	Rs. /10 Kg.	623	618	5
New Delhi	Rs. /10 Kg.	NA	598	-
Hyderabad	Rs. /10 Kg.	610	600	10
Mumbai	Rs. /10 Kg.	625	625	Unch

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

Centre	Unit	Price		Change
		23-Sep-15	22-Sep-15	
Mahesana (Kadi)	Rs./Qtl	2055	2053	2
Akola	Rs./Qtl	2041	2046	-5

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 23/9/2015		
Index	RMB/Ton	Change
CCIndex(328)	13067	6
CCIndex(527)	11977	6
CCIndex(229)	13645	Unch

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 22/9/2015		
Cotlook Indices	Cents/Pound	Change
A-Index	67.35	0.05

USDA Cotton Spot Rates: As on 22/9/2015			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	59.50	62.75	NIL
North Delta	58.75	61.50	78
South Delta	58.75	61.50	NIL
East TX-OK	58.00	60.25	264
West Texas	57.00	59.25	115
Desert SW	57.00	63.50	NIL
SJ Valley	58.00	67.90	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 22/9/2015					
Contract	Open	High	Low	Close	Change
15-Oct	60.00	60.68	58.57	58.73	-1.02
15-Dec	60.45	60.87	59.86	60.00	-0.79
16-Mar	60.62	60.65	59.76	59.89	-0.74
16-May	60.78	61.09	60.33	60.38	-0.74
16-Jul	61.28	61.55	60.86	60.94	-0.66
16-Oct	59.39	59.39	59.39	59.39	-1.45

Pakistan Cotton Spot rates: As on 22/9/2015 (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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