

Domestic Fundamentals:

Market Outlook: Cotton spot market noticed range bound movement on Saturday.

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	17	0	17
Apr-16	-1.5	827.5	834	825.5	827	2,557	6120	1,639	5908
Spread	Feb-16			Apr-16					
Spot	--								
Feb-16				124					

(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	-100	15800	15820	15700	15720	229	-18	1805	-43
Nov-15	-120	15550	15610	15440	15480	134	51	1194	-19
Dec-15	-120	15540	15560	15430	15450	280	146	4303	25
Jan-16	-120	15600	15600	15540	15540	49	37	812	25
Spread	Oct-15	Nov-15	Dec-15	Jan-16					
Spot	--								
Oct-15		240							
Nov-15			30						
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
		26-Sep-15	25-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	4800	4685	115
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	4520	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	Desi*	NA	NA	
Bhiwani	B.T. Cotton	4560	4625	-65
Adampur	B.T. Cotton	NA	NA	-
Fatehabad	B.T. Cotton	NA	NA	-
Dabwali	B.T. Cotton	4290	4465	-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)	4225	4150	75
Hanumangarh	B.T. Cotton	NA	NA	-
	Kapas			
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	4735	NA	-
	Kapas			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	4150	4050	100
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	3900	NA	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3505	3560	-55
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3510	3580	-70
Sirsa	J-34	3470	3515	-45

Mansa	J-34*	NA	NA	-
Sri-Ganganagar	J-34	3337	3384	-47

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		26-Sep-15	25-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	700	480	220
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	11	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	Desi*	NA	NA	
Bhiwani	B.T. Cotton	5000	8000	-3000
Adampur	B.T. Cotton	NA	NA	-
Fatehabad	B.T. Cotton	NA	NA	-
Dabwali	B.T. Cotton	325	NA	-
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)	125	200	-75
Hanumangarh	B.T. Cotton	NA	NA	-
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	357	NA	-
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	950	1200	-250
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	7	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	255	255	Unch
Bhatinda	J-34	1020	1190	-170

Sirsa	J-34	255	340	-85
Mansa	J-34	NA	NA	-
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
				25-Sep-15	24-Sep-15	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	31300	31700	-400
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	31800	32200	-400
J-34(202)	26mm	3.5 - 4.9	23	32900	32900	Unch
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	31500	31500	Unch
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	44000	43500	500

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

Centre	Unit	Price		Change
		26-Sep-15	25-Sep-15	
Rajkot	Rs. /10 Kg.	625	620	5
New Delhi	Rs. /10 Kg.	598	598	Unch
Hyderabad	Rs. /10 Kg.	610	610	Unch
Mumbai	Rs. /10 Kg.	640	630	10

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

Centre	Unit	Price		Change
		26-Sep-15	25-Sep-15	
Mahesana (Kadi)	Rs./Qtl	Closed	NA	-
Akola	Rs./Qtl	Closed	NA	-

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 25/9/2015		
Index	RMB/Ton	Change
CCIndex(328)	13056	-9
CCIndex(527)	11959	-3
CCIndex(229)	13625	-12

China Foreign Cotton (FC) Index : As on 25/9/2015

Index	Cents/lb	Change
FC Index (S)	73.34	-0.86
FC Index (M)	67.84	-0.97
FC Index (L)	64.58	-0.95

Cotlook Index: As on 25/9/2015

Cotlook Indices	Cents/Pound	Change
A-Index	66.75	0.35

USDA Cotton Spot Rates: As on 25/8/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	60.14	63.39	NIL
North Delta	59.39	62.14	33
South Delta	59.39	62.14	39
East TX-OK	58.50	60.75	572
West Texas	57.50	59.75	NIL
Desert SW	57.64	64.14	NIL
SJ Valley	58.64	68.54	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 25/9/2015

Contract	Open	High	Low	Close	Change
15-Oct	60.21	60.21	59.64	59.64	0.60
15-Dec	60.10	61.17	60.10	60.64	0.33
16-Mar	59.98	60.81	59.94	60.34	0.22
16-May	60.43	61.08	60.34	60.67	0.11
16-Jul	60.82	61.47	60.71	60.96	Unch
16-Oct	59.52	59.52	59.52	59.52	0.02

Pakistan Cotton Spot rates: As on 23/9/2015 (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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