

## Domestic Fundamentals:

**Market Outlook:** Cotton spot market noticed weak movement on Monday.

**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	9	818.5	818.5	799	799	2	2	18	1
Apr-16	-6	831.5	831.5	822	825	2497	-60	6300	180
Spread		Feb-16		Apr-16					
Spot		151							
Feb-16				-26					

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)

\*Updated at 5:45 pm on 28 September 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-15	-120	15700	15750	15630	15650	191	-38	1814	9
Nov-15	-90	16490	15520	15430	15460	141	7	1202	8
Dec-15	-60	15470	15500	15440	15470	236	-44	4229	-74
Jan-16	-40	15560	15570	15540	15550	18	-31	830	18
Spread		Oct-15	Nov-15	Dec-15	Jan-16				--
Spot		--							
Oct-15			190						
Nov-15				-10					
Dec-15					-80				
Jan-16									

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

\*Updated at 5:45 pm on 28 September 2015

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

Centre	Variety	Prices		Change
		28-Sep-15	26-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	4125	NA	-
Rajkot	B.T. Cotton	4750	4800	-50
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	Desi*	NA	NA	
Bhiwani	B.T. Cotton	4525	4560	-35
Adampur	B.T. Cotton	4400	NA	-
Fatehabad	B.T. Cotton	4750	NA	-
Dabwali	B.T. Cotton	4300	4290	10
Jind	B.T. Cotton	4500	NA	-
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	4400	NA	-
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	4000	4225	-225
Hanumangarh	B.T. Cotton	4500	NA	-
	<b>Kapas</b>			
Ahmedabad	Shankar-6	5125	NA	-
Gondal	Shankar-6	4630	4735	-105
	<b>Kapas</b>			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	3900	4150	-250
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4000	3900	100
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 37.32kg each)</b>		
Abohar	J-34	3475	3560	-85
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3470	3580	-110
Sirsa	J-34	3410	3515	-105

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

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		28-Sep-15	26-Sep-15	
Amravati	Mech-1	NA	NA	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	1500	NA	-
Rajkot	B.T. Cotton	830	480	350
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	8000	8000	Unch
Adampur	B.T. Cotton	850	NA	-
Fatehabad	B.T. Cotton	150	NA	-
Dabwali	B.T. Cotton	250	NA	-
Jind	B.T. Cotton	85	NA	-
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	50	NA	-
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	500	200	300
Hanumangarh	B.T. Cotton	30	NA	-
Ahmedabad	Shankar-6	850	NA	-
Gondal	Shankar-6	540	NA	-
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	1500	1200	300
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	22	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	340	255	85
Bhatinda	J-34	2550	1190	1360

Sirsa	J-34	340	340	Unch
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
				26-Sep-15	25-Sep-15	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	30800	31300	-500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	31300	31800	-500
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	44500	44000	500

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

Centre	Unit	Price		Change
		28-Sep-15	26-Sep-15	
Rajkot	Rs. /10 Kg.	625	625	Unch
New Delhi	Rs. /10 Kg.	598	598	Unch
Hyderabad	Rs. /10 Kg.	610	610	Unch
Mumbai	Rs. /10 Kg.	645	640	5

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

Centre	Unit	Price		Change
		28-Sep-15	26-Sep-15	
Mahesana (Kadi)	Rs./Qtl	2029	Closed	-
Akola	Rs./Qtl	2000	Closed	-

**INTERNATIONAL PRICES AND INDICES**

China Cotton Index: As on 28/9/2015		
Index	RMB/Ton	Change
CCIndex(328)	13061	5
CCIndex(527)	11962	3
CCIndex(229)	13633	8

**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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