

Domestic Fundamentals:

Market Outlook: Cotton spot market noticed mixed 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	6	815	815	815	815	10	8	17	-1
Apr-16	3.5	825.5	829	823	828	1226	-1271	6362	62
Spread	Feb-16		Apr-16						
Spot	112								
Feb-16			-13						

(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	30	15690	15720	15640	15690	114	-77	1804	-10
Nov-15	40	15450	15530	15450	15520	83	-58	1200	-2
Dec-15	50	15470	15530	15470	15520	137	-99	4075	-154
Jan-16	60	15610	15610	15600	15610	12	-6	828	-2
Spread	Oct-15	Nov-15	Dec-15	Jan-16					
Spot	--								
Oct-15		170							
Nov-15			0						
Dec-15				-90					
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
		29-Sep-15	28-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	4250	4125	125
Rajkot	B.T. Cotton	4635	4750	-115
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	4500	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	Desi*	NA	NA	-
Bhiwani	B.T. Cotton	4600	4525	75
Adampur	B.T. Cotton	4400	4400	Unch
Fatehabad	B.T. Cotton	4510	4750	-240
Dabwali	B.T. Cotton	4365	4300	65
Jind	B.T. Cotton	4520	4500	20
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	4300	4400	-100
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	4000	-
Hanumangarh	B.T. Cotton	4500	4500	Unch
	Kapas			
Ahmedabad	Shankar-6	NA	5125	-
Gondal	Shankar-6	4550	4630	-80
	Kapas			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	3900	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4161	4000	161
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		
Abohar	J-34	3500	3475	25
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3500	3470	30
Sirsa	J-34	3410	3410	Unch
Mansa	J-34	NA	NA	-

Sri-Ganganagar	J-34	NA	NA	-
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Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		29-Sep-15	28-Sep-15	
Amravati	Mech-1	NA	NA	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	600	1500	-900
Rajkot	B.T. Cotton	700	830	-130
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	40	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	Desi*	NA	NA	-
Bhiwani	B.T. Cotton	6000	8000	-2000
Adampur	B.T. Cotton	255	850	-595
Fatehabad	B.T. Cotton	350	150	200
Dabwali	B.T. Cotton	325	250	75
Jind	B.T. Cotton	70	85	-15
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	15	50	-35
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	500	-
Hanumangarh	B.T. Cotton	50	30	20
Ahmedabad	Shankar-6	NA	850	-
Gondal	Shankar-6	480	540	-60
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	1500	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	15	22	-7
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	170	340	-170
Bhatinda	J-34	2550	2550	Unch
Sirsa	J-34	510	340	170
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
				28-Sep-15	26-Sep-15	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	30400	30800	-400
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	30900	31300	-400
J-34(202)	26mm	3.5 - 4.9	23	32500	32900	-400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31500	31500	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	33700	34200	-500
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33200	33400	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34300	34500	-200
DCH-32(107)	34mm	3.0 - 3.8	33	44500	44500	Unch

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

Centre	Unit	Price		Change
		29-Sep-15	28-Sep-15	
Rajkot	Rs. /10 Kg.	620	625	-5
New Delhi	Rs. /10 Kg.	598	598	Unch
Hyderabad	Rs. /10 Kg.	610	610	Unch
Mumbai	Rs. /10 Kg.	650	645	5

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

Centre	Unit	Price		Change
		29-Sep-15	28-Sep-15	
Mahesana (Kadi)	Rs./Qtl	2031	2029	2
Akola	Rs./Qtl	1985	2000	-15

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 29/9/2015		
Index	RMB/Ton	Change
CCIndex(328)	13059	-2
CCIndex(527)	11959	-3
CCIndex(229)	13631	-2

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 28/9/2015

Cotlook Indices	Cents/Pound	Change
A-Index	67.05	0.30

USDA Cotton Spot Rates: As on 28/8/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	60.25	63.50	NIL
North Delta	59.50	62.25	4.0
South Delta	59.50	62.25	9.0
East TX-OK	58.50	60.75	1307
West Texas	57.50	59.75	978
Desert SW	57.75	64.25	NIL
SJ Valley	58.75	68.65	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 28/9/2015

Contract	Open	High	Low	Close	Change
15-Oct	60.30	60.31	59.80	59.80	0.16
15-Dec	60.32	60.95	60.10	60.75	0.11
16-Mar	60.06	60.56	59.79	60.41	0.07
16-May	60.50	60.88	60.21	60.82	0.15
16-Jul	60.76	61.15	60.55	61.12	0.16
16-Oct	61.57	61.57	59.55	61.11	1.59

Pakistan Cotton Spot rates: As on 28/9/2015 (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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