

Domestic Fundamentals:

Market Outlook: Cotton spot market noticed mixed tone on Thursday.

In The News: In anticipation of good crop this year too, Cotton Corporation of India (CCI) has started its preparation for the procurement under MSP operation. However the agency believe that, due to better prices of cotton prevailing in market, cotton procurement would remain weaker this year by around 30-40 lakh bales against the 87 lakh bales in 2014-15.

Around 115.20 lakh hectares of cotton has been sown so far throughout the country, as on 24 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.

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.

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	1	839.5	845.5	831.5	841	4773	1664	7772	1192
Spread	Feb-16			Apr-16					
Spot	--								
Feb-16				11					

(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 01 October 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-15	-60	15820	15820	15660	15720	426	-112	1772	3
Nov-15	-100	15510	15550	15430	15470	154	-163	1188	-16
Dec-15	-110	15490	15520	15400	15440	637	-434	4488	52
Jan-16	-120	15570	15590	15500	15530	99	-8	845	23
Spread	Oct-15	Nov-15	Dec-15	Jan-16					
Spot	--								
Oct-15		250							
Nov-15			30						
Dec-15				-90					
Jan-16									

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

*Updated at 5:00 pm on 01 October 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		1-Oct-15	30-Sep-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4700	4800	-100
Khandwa	Mech-1	NA	NA	-
Khargaan	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4150	4200	-50
Rajkot	B.T. Cotton	4260	4585	-325
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	4455	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	Desi	NA	NA	-
Bhiwani	B.T. Cotton	4570	4650	-80
Adampur	B.T. Cotton	4500	4500	Unch
Fatehabad	B.T. Cotton	4450	4440	10
Dabwali	B.T. Cotton	4430	4460	-30
Jind	B.T. Cotton	4600	4480	120
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	4400	4300	100
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	4125	4060	65
Hanumangarh	B.T. Cotton	4550	4550	Unch
	Kapas			
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	4405	4580	-175
	Kapas			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	4050	3920	130
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4485	4461	24
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	4050	4050	Unch
	Lint	Rs/Maund (of 37.32 Kg each)		
Abohar	J-34	3520	3550	-30
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3525	3550	-25
Sirsa	J-34	3435	3470	-35
Mansa	J-34	3525	3550	-25

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

Centre	Variety	Arrivals (Qtl)		Change
		1-Oct-15	30-Sep-15	
Amravati	Mech-1	NA	NA	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	1200	700	500
Rajkot	B.T. Cotton	250	700	-450
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	45	NA	-
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	255	170	85
Fatehabad	B.T. Cotton	250	350	-100
Dabwali	B.T. Cotton	450	500	-50
Jind	B.T. Cotton	41	60	-19
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	25	12	13
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	1000	450	550
Hanumangarh	B.T. Cotton	100	100	Unch
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	764	481	283
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	2500	1800	700
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	105	22	83
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	2380	170
Sirsa	J-34	595	510	85
Mansa	J-34	255	170	85
Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				30-Sep-15	29-Sep-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	30100	30400	-300
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	30600	30900	-300
J-34(202)	26mm	3.5 - 4.9	23	31900	32200	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31700	31400	300
Shankar-6(105)	29mm	3.5 - 4.9	28	33300	33000	300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33300	33000	300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34400	34100	300
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
		1-Oct-15	30-Sep-15	
Rajkot	Rs. /10 Kg.	620	620	Unch
New Delhi	Rs. /10 Kg.	598	598	Unch
Hyderabad	Rs. /10 Kg.	620	620	Unch
Mumbai	Rs. /10 Kg.	650	650	Unch

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

Centre	Unit	Price		Change
		1-Oct-15	30-Sep-15	
Mahesana (Kadi)	Rs./Qtl	2017	2030	-13
Akola	Rs./Qtl	1953	1974	-21

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 30/9/2015		
Index	RMB/Ton	Change
CCIndex(328)	13051	-8
CCIndex(527)	11959	Unch
CCIndex(229)	13623	-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 30/9/2015

Cotlook Indices	Cents/Pound	Change
A-Index	67.25	0.20

USDA Cotton Spot Rates: As on 30/9/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	59.94	63.19	107
North Delta	59.19	61.94	NIL
South Delta	59.19	61.94	NIL
East TX-OK	58.75	61.00	1384
West Texas	57.75	60.00	12
Desert SW	57.44	63.94	NIL
SJ Valley	58.44	68.34	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 30/9/2015

Contract	Open	High	Low	Close	Change
15-Oct	59.49	59.49	59.49	59.49	-0.56
15-Dec	60.89	61.57	59.78	60.44	-0.56
16-Mar	60.48	61.23	59.61	60.31	-0.40
16-May	61.09	61.59	60.11	60.76	-0.35
16-Jul	61.41	61.91	60.56	61.15	-0.26
16-Oct	61.13	61.13	61.13	61.13	-0.26

Pakistan Cotton Spot rates: As on 30/9/2015 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	4750	135	4885
Equivalent	40 Kgs	5091	145	5236

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