

## Domestic Fundamentals:

**Market Outlook:** Cotton spot market noticed mostly weak tone on Saturday.

**In The News:** Cotton sowing area as on 01 October recorded at 116.4 lakh hectares throughout the country, according to the data released by the Ministry of Agriculture. The current acreage under cotton is around 8% lower when compared to the acreage at the same time last year and around 1.2% higher when compared to the normal area during the season. According to the first advance estimates by Ministry of Agriculture, the final acreage of cotton during 2015-16 would stand around 116.9 lakh hectares.

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.

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.

### 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
		3-Oct-15	1-Oct-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4800	4700	100
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4200	4150	50
Rajkot	B.T. Cotton	4365	4260	105
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	4165	4455	-290
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	Desi*	NA	NA	-
Bhiwani	B.T. Cotton	4570	4570	Unch
Adampur	B.T. Cotton	4440	4500	-60
Fatehabad	B.T. Cotton	4400	4450	-50
Dabwali	B.T. Cotton	4370	4430	-60
Jind	B.T. Cotton	4600	4600	Unch
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)	4100	4125	-25
Hanumangarh	B.T. Cotton	4500	4550	-50
	<b>Kapas</b>			
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	4505	4405	100
	<b>Kapas</b>			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	3950	4050	-100
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4161	4485	-324
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	4050	4050	Unch
	<b>Lint</b>	<b>Rs/Maund (of 37.32 Kg each)</b>		
Abohar	J-34	3490	3520	-30
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3485	3525	-40
Sirsa	J-34	3385	3435	-50
Mansa	J-34	3485	3525	-40

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

Centre	Variety	Arrivals (Qtl)		Change
		3-Oct-15	1-Oct-15	
Amravati	Mech-1	NA	NA	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	1200	-
Rajkot	B.T. Cotton	300	250	50
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	59	45	14
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	850	255	595
Fatehabad	B.T. Cotton	450	250	200
Dabwali	B.T. Cotton	550	450	100
Jind	B.T. Cotton	85	41	44
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	20	25	-5
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	150	1000	-850
Hanumangarh	B.T. Cotton	100	100	Unch
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	267	764	-497
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	1500	2500	-1000
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	120	105	15
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	425	340	85
Bhatinda	J-34	2040	2550	-510
Sirsa	J-34	680	595	85
Mansa	J-34	510	255	255
Sri-Ganganagar	J-34	NA	NA	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				1-Oct-15	30-Sep-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	30100	30100	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	30600	30600	Unch
J-34(202)	26mm	3.5 - 4.9	23	32100	31900	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31500	31700	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	32300	33300	-1000
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	32500	33300	-800
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	33500	34400	-900
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
		3-Oct-15	1-Oct-15	
Rajkot	Rs. /10 Kg.	625	620	5
New Delhi	Rs. /10 Kg.	598	598	-
Hyderabad	Rs. /10 Kg.	610	620	-10
Mumbai	Rs. /10 Kg.	645	650	-5

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

Centre	Unit	Price		Change
		3-Oct-15	1-Oct-15	
Mahesana (Kadi)	Rs./Qtl	Closed	2017	-
Akola	Rs./Qtl	Closed	1953	-

**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 03/10/2015**

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 2/10/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	66.90	Unch

**USDA Cotton Spot Rates: As on 1/10/2015**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	60.10	63.35	NIL
North Delta	59.35	62.10	25
South Delta	59.35	62.10	NIL
East TX-OK	58.75	61.00	587
West Texas	57.75	60.00	NIL
Desert SW	57.60	64.10	NIL
SJ Valley	58.60	68.50	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 2/10/2015**

Contract	Open	High	Low	Close	Change
15-Oct	59.20	59.20	59.20	59.20	-0.45
15-Dec	60.31	61.20	60.08	60.14	-0.46
16-Mar	60.05	60.88	59.91	59.96	-0.33
16-May	60.85	61.31	60.37	60.41	-0.34
16-Jul	61.73	61.73	60.75	60.78	-0.41
16-Oct	60.50	60.50	60.50	60.50	-0.66

**Pakistan Cotton Spot rates: As on 1/10/2015 (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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