

Domestic Fundamentals:

Market Outlook: Cotton spot market noticed mostly firm tone on Monday.

In The News: The Raje government has been asked by the Rajasthan Congress Chief, Sachin Pilot to assess the loss by white fly attack, which was recently happened in the Sri-Ganganagar district of Rajasthan, witnessing a loss of around 40 bigha of cotton crop worth Rs. 100 Crore

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.

According to the first advance estimates for Kharif 2015-16 released by Department of Agriculture and Cooperation (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	0	841	860	841	841	5032	259	8648	876
Spread	Feb-16		Apr-16						
Spot	--								
Feb-16			59						

(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 05 October 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-15	10	15750	15820	15680	15730	546	120	1733	-39
Nov-15	190	15440	15640	14860	15660	319	165	1165	-23
Dec-15	150	15470	15640	15270	15590	682	45	4647	159
Jan-16	140	15490	15730	15480	15670	195	96	939	94
Spread	Oct-15	Nov-15	Dec-15	Jan-16					
Spot	--								
Oct-15		70							
Nov-15			70						
Dec-15				-80					
Jan-16									

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

*Updated at 5:00 pm on 05 October 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		5-Oct-15	3-Oct-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	4200	50
Rajkot	B.T. Cotton	4500	4365	135
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	4165	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	Desi*	NA	NA	
Bhiwani	B.T. Cotton	4560	4570	-10
Adampur	B.T. Cotton	4450	4440	10
Fatehabad	B.T. Cotton	4410	4400	10
Dabwali	B.T. Cotton	4440	4370	70
Jind	B.T. Cotton	4600	4600	Unch
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	4500	4300	200
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	4150	4100	50
Hanumangarh	B.T. Cotton	4500	4500	Unch
	Kapas			
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	NA	4505	-
	Kapas			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	4150	3950	200
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	4161	-
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 37.32kg each)		
Abohar	J-34	3500	3490	10
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3500	3485	15
Sirsa	J-34	3410	3385	25

Mansa	J-34*	3500	3485	15
Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		5-Oct-15	3-Oct-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	640	300	340
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	59	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	Desi*	NA	NA	-
Bhiwani	B.T. Cotton	8000	5000	3000
Adampur	B.T. Cotton	850	850	Unch
Fatehabad	B.T. Cotton	800	450	350
Dabwali	B.T. Cotton	1000	550	450
Jind	B.T. Cotton	102	85	17
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	20	20	Unch
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	150	150	Unch
Hanumangarh	B.T. Cotton	350	100	250
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	NA	267	-
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	1500	1500	Unch
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	120	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	850	425	425
Bhatinda	J-34	850	2040	-1190
Sirsa	J-34	1190	680	510
Mansa	J-34	680	510	170
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)	Below 22mm	5.0 - 7.0	15	30100	30100	Unch
Bengal Deshi (SG)(201)	Below 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
		5-Oct-15	3-Oct-15	
Rajkot	Rs. /10 Kg.	630	625	5
New Delhi	Rs. /10 Kg.	598	598	Unch
Hyderabad	Rs. /10 Kg.	625	610	15
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
		5-Oct-15	3-Oct-15	
Mahesana (Kadi)	Rs./Qtl	2027	Closed	-
Akola	Rs./Qtl	1945	Closed	-

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 2/10/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	59.64	62.89	30
North Delta	58.89	61.64	NIL
South Delta	58.89	61.64	8
East TX-OK	58.75	61.00	1154
West Texas	57.75	60.00	6
Desert SW	57.14	63.64	NIL
SJ Valley	58.14	68.04	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	4850	135	4985
Equivalent	40 Kgs	5198	145	5343

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