

## Domestic Fundamentals:

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

**In The News:** Pointing towards the lower acreage under cotton this year, CCI's chairperson said that the cotton production in 2015-16 would be nearly 5-10 lakh bales lower than the previous year's production. He believes that the cotton output in country would be around 370 lakh bales in the current season.

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.

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:

According to ICAC, China would remain the largest importer of cotton in 2015-16 but would notice a fall of 12% in its import with the expected volume of 1.6 million tons. During July and August this year, China sold around 60,000 tons of cotton from its reserves but it's still holding 11 million tons in its state reserves, which would definitely suppress the need of imports from other countries.

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.

### 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	-2.5	864	870	856	862.5	6274	1242	9014	366
Spread	Feb-16			Apr-16					
Spot	--								
Feb-16				27.5					

(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 06 October 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-15	10	15880	16030	15820	15910	719	173	1692	-41
Nov-15	40	15670	15840	15620	15720	354	35	1222	57
Dec-15	40	15660	15870	15630	15740	503	-179	4643	-4
Jan-16	40	15770	15990	15750	15840	80	-115	966	27
Spread	Oct-15	Nov-15	Dec-15	Jan-16					
Spot	--								
Oct-15		190							
Nov-15			-20						
Dec-15				-100					
Jan-16									

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

\*Updated at 5:00 pm on 06 October 2015

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

Centre	Variety	Prices		Change
		6-Oct-15	5-Oct-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4800	4800	Unch
Khandwa	Mech-1	NA	NA	-
Khargaan	Mech-1	NA	NA	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4325	4250	75
Rajkot	B.T. Cotton	4450	4500	-50
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	4210	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	Desi	NA	NA	
Bhiwani	B.T. Cotton	4570	4560	10
Adampur	B.T. Cotton	4500	4450	50
Fatehabad	B.T. Cotton	4400	4410	-10
Dabwali	B.T. Cotton	4455	4440	15
Jind	B.T. Cotton	4625	4600	25
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	4500	4500	Unch
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	4150	-
Hanumangarh	B.T. Cotton	4580	4500	80
	<b>Kapas</b>			
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	4305	NA	-
	<b>Kapas</b>			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	4150	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4179	NA	-
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 37.32kg each)</b>		
Abohar	J-34	3535	3500	35
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3530	3500	30
Sirsa	J-34	3430	3410	20

Mansa	J-34	3525	3500	25
Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		6-Oct-15	5-Oct-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	600	640	-40
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	54	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	340	850	-510
Fatehabad	B.T. Cotton	500	800	-300
Dabwali	B.T. Cotton	600	1000	-400
Jind	B.T. Cotton	85	102	-17
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	45	20	25
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	150	-
Hanumangarh	B.T. Cotton	300	350	-50
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	91	NA	-
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	1500	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	142	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	510	850	-340
Bhatinda	J-34	5100	850	4250
Sirsa	J-34	850	1190	-340
Mansa	J-34	510	680	-170
Sri-Ganganagar	J-34	NA	NA	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				5-Oct-15	1-Oct-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	32100	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31400	31500	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	32200	32300	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	32400	32500	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	33400	33500	-100
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
		6-Oct-15	5-Oct-15	
Rajkot	Rs. /10 Kg.	620	630	-10
New Delhi	Rs. /10 Kg.	598	598	Unch
Hyderabad	Rs. /10 Kg.	650	625	25
Mumbai	Rs. /10 Kg.	652	650	2

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

Centre	Unit	Price		Change
		6-Oct-15	5-Oct-15	
Mahesana (Kadi)	Rs./Qtl	2035	2027	8
Akola	Rs./Qtl	1945	1945	-

**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 5/10/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	66.65	-0.25

**USDA Cotton Spot Rates: As on 5/10/2015**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	61.37	64.62	NIL
North Delta	60.62	63.37	NIL
South Delta	60.62	63.37	NIL
East TX-OK	59.50	61.75	696
West Texas	58.50	60.75	27
Desert SW	58.87	65.37	176
SJ Valley	59.87	69.77	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 5/10/2015**

Contract	Open	High	Low	Close	Change
15-Oct	60.93	60.93	60.93	60.93	1.73
15-Dec	60.20	62.23	60.20	61.87	1.73
16-Mar	60.18	61.90	60.05	61.68	1.72
16-May	60.90	62.30	60.80	62.15	1.74
16-Jul	61.28	62.50	61.14	62.47	1.69
16-Oct	62.19	62.19	62.19	62.19	1.69

**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	4950	135	5085
Equivalent	40 Kgs	5305	145	5450

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