

## Domestic Fundamentals:

**Market Outlook:** Cotton spot market noticed mostly mixed tone on Wednesday.

**In The News:** Pointing towards the lower acreage under cotton this year, CCI's chairman, BK Mishra, 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	1.5	863.5	878	863	865.5	8529	3497	9491	843
Spread	Feb-16			Apr-16					
Spot	--								
Feb-16				29.5					

(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 07 October 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-15	-70	15920	16090	15850	15850	860	314	1558	-175
Nov-15	-90	15710	15840	15650	15650	492	173	1416	251
Dec-15	-80	15750	15860	15660	15660	596	-86	4808	161
Jan-16	-50	15930	15980	15790	15800	83	-112	969	30
Spread	Oct-15	Nov-15	Dec-15	Jan-16					
Spot	--								
Oct-15		200							
Nov-15			-10						
Dec-15				-140					
Jan-16									

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

\*Updated at 5:00 pm on 07 October 2015

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

Centre	Variety	Prices		Change
		7-Oct-15	6-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	4300	4325	-25
Rajkot	B.T. Cotton	4475	4450	25
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	4230	4210	20
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	Desi	NA	NA	
Bhiwani	B.T. Cotton	4480	4570	-90
Adampur	B.T. Cotton	4465	4500	-35
Fatehabad	B.T. Cotton	4425	4400	25
Dabwali	B.T. Cotton	4410	4455	-45
Jind	B.T. Cotton	4550	4625	-75
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	NA	4500	-
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	4200	NA	-
Hanumangarh	B.T. Cotton	4550	4580	-30
	<b>Kapas</b>			
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	4405	4305	100
	<b>Kapas</b>			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	4150	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4189	4179	10
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	3510	3535	-25
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3505	3530	-25
Sirsa	J-34	3415	3430	-15

Mansa	J-34	3505	3525	-20
Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		7-Oct-15	6-Oct-15	
Amravati	Mech-1	NA	NA	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	1500	1500	Unch
Rajkot	B.T. Cotton	1500	600	900
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	99	54	45
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	Desi	NA	NA	
Bhiwani	B.T. Cotton	7000	6000	1000
Adampur	B.T. Cotton	510	340	170
Fatehabad	B.T. Cotton	900	500	400
Dabwali	B.T. Cotton	750	600	150
Jind	B.T. Cotton	111	85	26
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	NA	45	-
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton	300	NA	-
Hanumangarh	B.T. Cotton	500	300	200
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	1240	91	1149
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	1500	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	187	142	45
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	510	Unch
Bhatinda	J-34	5100	5100	Unch
Sirsa	J-34	850	850	Unch
Mansa	J-34	425	510	-85
Sri-Ganganagar	J-34	NA	NA	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				6-Oct-15	5-Oct-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	30300	30100	200
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	30800	30600	200
J-34(202)	26mm	3.5 - 4.9	23	32200	32100	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31400	31400	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	32400	32200	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	32600	32400	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	33600	33400	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
		7-Oct-15	6-Oct-15	
Rajkot	Rs. /10 Kg.	630	620	10
New Delhi	Rs. /10 Kg.	598	598	Unch
Hyderabad	Rs. /10 Kg.	650	650	Unch
Mumbai	Rs. /10 Kg.	655	652	3

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

Centre	Unit	Price		Change
		7-Oct-15	6-Oct-15	
Mahesana (Kadi)	Rs./Qtl	2030	2035	-5
Akola	Rs./Qtl	1954	1945	9

**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 6/10/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	68.20	1.55

**USDA Cotton Spot Rates: As on 6/10/2015**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	61.58	64.83	NIL
North Delta	60.83	63.58	NIL
South Delta	60.83	63.58	NIL
East TX-OK	59.50	61.75	2023
West Texas	58.50	60.75	542
Desert SW	59.08	65.58	NIL
SJ Valley	60.08	69.98	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 6/10/2015**

Contract	Open	High	Low	Close	Change
15-Oct	61.14	61.14	61.14	61.14	0.21
15-Dec	61.90	62.33	61.71	62.08	0.21
16-Mar	61.80	62.04	61.57	61.85	0.17
16-May	62.09	62.42	62.09	62.36	0.21
16-Jul	62.51	62.72	62.50	62.66	0.19
16-Oct	62.26	62.26	62.26	62.26	0.07

**Pakistan Cotton Spot rates: As on 6/10/2015 (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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