

Domestic Fundamentals:

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

In The News: According to the October estimates of ICAC (International cotton advisory committee), cotton production in India is likely to be around 6.37 million ton (375 lakh bales of 170 kg each) in 2015-16, around 2.15% lower when compared to the estimates production of 6.51 million tons (383 lakh bales) in 2014-15.

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.

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 the October estimates of ICAC (International cotton advisory committee), world cotton production would be around 23.84 million tones during the season 2015-16, which was estimated 26.11 million tones for the season 2014-15.

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.

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	3	857.5	869	857.5	862.5	4095	-4434	9419	-72
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 08 October 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-15	90	15820	15940	15790	15890	632	-228	1423	-135
Nov-15	20	15610	15730	15550	15630	298	-194	1459	43
Dec-15	10	15620	15710	15540	15620	401	-195	4755	-53
Jan-16	-10	15800	15850	15680	15750	91	8	968	-1
Spread	Oct-15	Nov-15	Dec-15	Jan-16					
Spot	--								
Oct-15		260							
Nov-15			10						
Dec-15				-130					
Jan-16									

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

*Updated at 5:00 pm on 08 October 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		8-Oct-15	7-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	4350	4325	25
Rajkot	B.T. Cotton	4450	4450	Unch
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	4210	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	Desi	NA	NA	
Bhiwani	B.T. Cotton	4525	4570	-45
Adampur	B.T. Cotton	4450	4500	-50
Fatehabad	B.T. Cotton	4400	4400	Unch
Dabwali	B.T. Cotton	4415	4455	-40
Jind	B.T. Cotton	4555	4625	-70
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	NA	-
Hanumangarh	B.T. Cotton	4500	4580	-80
	Kapas			
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	4455	4305	150
	Kapas			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4200	4179	21
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	3505	3535	-30
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3490	3530	-40
Sirsa	J-34	3410	3430	-20

Mansa	J-34	3490	3525	-35
Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		8-Oct-15	7-Oct-15	
Amravati	Mech-1	NA	NA	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	2500	1500	1000
Rajkot	B.T. Cotton	1700	1500	200
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	99	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	Desi*	NA	NA	
Bhiwani	B.T. Cotton	4000	7000	-3000
Adampur	B.T. Cotton	425	510	-85
Fatehabad	B.T. Cotton	1000	900	100
Dabwali	B.T. Cotton	600	750	-150
Jind	B.T. Cotton	119	111	8
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	50	NA	-
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	300	-
Hanumangarh	B.T. Cotton	600	500	100
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	1156	1240	-84
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	1500	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	157	187	-30
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	680	510	170
Bhatinda	J-34	4250	5100	-850
Sirsa	J-34	850	850	Unch
Mansa	J-34	510	425	85
Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				7-Oct-15	6-Oct-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	30300	30300	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	30800	30800	Unch
J-34(202)	26mm	3.5 - 4.9	23	32100	32200	-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	32400	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	32600	32600	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	33600	33600	Unch
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
		8-Oct-15	7-Oct-15	
Rajkot	Rs. /10 Kg.	625	630	-5
New Delhi	Rs. /10 Kg.	598	598	Unch
Hyderabad	Rs. /10 Kg.	620	650	-30
Mumbai	Rs. /10 Kg.	645	655	-10

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

Centre	Unit	Price		Change
		8-Oct-15	7-Oct-15	
Mahesana (Kadi)	Rs./Qtl	2026	2030	-4
Akola	Rs./Qtl	1947	1954	-7

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 8/10/2015		
Index	RMB/Ton	Change
CCIndex(328)	13076	25
CCIndex(527)	11971	12
CCIndex(229)	13642	19

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 7/10/2015

Cotlook Indices	Cents/Pound	Change
A-Index	68.45	0.25

USDA Cotton Spot Rates: As on 7/10/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	61.55	64.80	NIL
North Delta	60.80	63.55	NIL
South Delta	60.80	63.55	935
East TX-OK	59.75	62.00	1201
West Texas	58.75	61.00	212
Desert SW	59.05	65.55	NIL
SJ Valley	60.05	69.95	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 7/10/2015

Contract	Open	High	Low	Close	Change
15-Oct	61.91	61.94	61.91	61.94	0.80
15-Dec	62.00	62.48	61.78	62.05	-0.03
16-Mar	61.84	62.28	61.64	61.95	0.10
16-May	62.36	62.79	62.22	62.50	0.14
16-Jul	62.74	63.09	62.55	62.81	0.15
16-Oct	62.41	62.41	62.41	62.41	0.15

Pakistan Cotton Spot rates: As on 7/10/2015 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5050	135	5185
Equivalent	40 Kgs	5412	145	5557

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