

## Domestic Fundamentals:

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

**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 this season, 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	4.5	867	876	866	872	5726	1631	10110	691
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 09 October 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-15	20	15950	16050	15930	15970	498	-134	1444	21
Nov-15	10	15710	15760	15650	15700	510	212	1549	90
Dec-15	-20	15670	15760	15650	15670	500	99	4869	114
Jan-16	10	15820	15890	15800	15820	135	44	1015	47
Spread	Oct-15	Nov-15	Dec-15	Jan-16					
Spot	--								
Oct-15		270							
Nov-15			30						
Dec-15				-150					
Jan-16									

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

\*Updated at 5:00 pm on 09 October 2015

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

Centre	Variety	Prices		Change
		9-Oct-15	8-Oct-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4800	4800	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4425	4350	75
Rajkot	B.T. Cotton	4415	4450	-35
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	4250	4250	Unch
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	Desi	NA	NA	-
Bhiwani	B.T. Cotton	4450	4525	-75
Adampur	B.T. Cotton	4440	4450	-10
Fatehabad	B.T. Cotton	4425	4400	25
Dabwali	B.T. Cotton	4345	4415	-70
Jind	B.T. Cotton	4566	4555	11
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)	4100	4100	Unch
Hanumangarh	B.T. Cotton	4500	4500	Unch
	<b>Kapas</b>			
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	4480	4455	25
	<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	4200	4200	Unch
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	3480	3505	-25
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3480	3490	-10
Sirsa	J-34	3390	3410	-20

Mansa	J-34	3480	3490	<b>-10</b>
Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		9-Oct-15	8-Oct-15	
Amravati	Mech-1	NA	NA	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	3500	2500	<b>1000</b>
Rajkot	B.T. Cotton	1425	1700	<b>-275</b>
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	113	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	Desi*	NA	NA	-
Bhiwani	B.T. Cotton	7000	4000	<b>3000</b>
Adampur	B.T. Cotton	510	425	<b>85</b>
Fatehabad	B.T. Cotton	900	1000	<b>-100</b>
Dabwali	B.T. Cotton	700	600	<b>100</b>
Jind	B.T. Cotton	340	119	<b>221</b>
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	50	50	<b>Unch</b>
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	400	-
Hanumangarh	B.T. Cotton	900	600	<b>300</b>
Ahmedabad	Shankar-6	NA	NA	-
Gondal	Shankar-6	932	1156	<b>-224</b>
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	1500	1500	<b>Unch</b>
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	157	157	<b>Unch</b>
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	680	<b>Unch</b>
Bhatinda	J-34	4250	4250	<b>Unch</b>
Sirsa	J-34	850	850	<b>Unch</b>
Mansa	J-34	425	510	<b>-85</b>
Sri-Ganganagar	J-34	NA	NA	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				8-Oct-15	7-Oct-15	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	30000	30300	<b>-300</b>
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	30500	30800	<b>-300</b>
J-34(202)	26mm	3.5 - 4.9	23	32000	32100	<b>-100</b>
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31400	31400	<b>Unch</b>
Shankar-6(105)	29mm	3.5 - 4.9	28	32400	32400	<b>Unch</b>
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	32600	32600	<b>Unch</b>
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	33600	33600	<b>Unch</b>
DCH-32(107)	34mm	3.0 - 3.8	33	44500	44500	<b>Unch</b>

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

Centre	Unit	Price		Change
		9-Oct-15	8-Oct-15	
Rajkot	Rs. /10 Kg.	630	625	<b>5</b>
New Delhi	Rs. /10 Kg.	598	598	<b>Unch</b>
Hyderabad	Rs. /10 Kg.	600	620	<b>-20</b>
Mumbai	Rs. /10 Kg.	640	645	<b>-5</b>

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

Centre	Unit	Price		Change
		9-Oct-15	8-Oct-15	
Mahesana (Kadi)	Rs./Qtl	2033	2026	<b>7</b>
Akola	Rs./Qtl	1942	1947	<b>-5</b>

**INTERNATIONAL PRICES AND INDICES**

China Cotton Index: As on 9/10/2015		
Index	RMB/Ton	Change
CCIndex(328)	13073	<b>-3</b>
CCIndex(527)	11971	<b>Unch</b>
CCIndex(229)	13644	<b>2</b>

**China Foreign Cotton (FC) Index : As on 09/10/2015**

Index	Cents/lb	Change
FC Index (S)	74.31	-0.24
FC Index (M)	69.01	-0.16
FC Index (L)	67.67	-0.06

**Cotlook Index: As on 8/10/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	68.60	0.15

**USDA Cotton Spot Rates: As on 8/10/2015**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	61.72	64.97	1233
North Delta	60.97	63.72	NIL
South Delta	60.97	63.72	NIL
East TX-OK	59.75	62.00	2260
West Texas	58.75	61.00	56
Desert SW	58.72	65.22	NIL
SJ Valley	59.72	69.62	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	61.61	61.61	61.61	61.61	-0.33
15-Dec	62.27	62.45	61.44	61.72	-0.33
16-Mar	62.16	62.35	61.23	61.6	-0.35
16-May	62.74	62.78	61.88	62.15	-0.35
16-Jul	62.65	62.82	62.14	62.51	-0.30
16-Oct	62.11	62.11	62.11	62.11	-0.30

**Pakistan Cotton Spot rates: As on 8/10/2015 (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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