

Domestic Fundamentals:

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

In The News: Due to the white fly attack, cotton crop in Punjab and Haryana is likely to fall by around 40% collectively this season, according to the market participants. Cotton output in Punjab would stand around 7 Lakh bales in the current season, against the output of 14 Lakh bales in previous season. Similarly in Haryana cotton production would be around 15 lakh bales in the current season as compared to the 25 Lakh Bales in previous season.

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.

International Fundamentals:

USDA has further slashed down the world cotton production estimates in its latest release. It believes that the global cotton output would be around 23.38 million tones in 2015-16, around 1.25% lower when compared to the previous estimates for the same season and around 10% lower when compared to the estimates for last year production of 25.89 million tones.

World cotton consumption estimates are revised downward in the latest estimates by USDA. According to USDA, world cotton consumption would be around 24.44 million tones in the current season i.e. 2015-16, around 1% lower when compared to the estimates of previous month and around 1.6% higher when compared to the estimates of previous season, which stood at 24.05 million tons.

Due to the downward revision in the export and consumption figures, the estimates for ending stocks for the season has been surged up slightly in the latest projections released by USDA. It is believed that the ending stocks by the end of season 2015-16 would be around 23.29 million tons around 0.67% higher when compared to the estimates of previous month i.e. 23.135 million tons and 4.3% lower when compared to estimates of previous season.

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 | 21 | 877 | 894 | 877 | 892 | 9065 | 3339 | 11199 | 1089 |

| Spread | Feb-16 | Apr-16 |
|--------|--------|--------|
| Spot | -- | |
| Feb-16 | | 26 |

(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 12 October 2015

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

| Contract | +/- | Open | High | Low | Close | Volume | Change | OI | Change |
|----------|-----|-------|-------|-------|-------|--------|--------|------|--------|
| Oct-15 | 160 | 16030 | 16180 | 16030 | 16110 | 535 | 37 | 1410 | -34 |
| Nov-15 | 150 | 15760 | 15900 | 15730 | 15810 | 784 | 274 | 1736 | 187 |
| Dec-15 | 160 | 15720 | 15850 | 15710 | 15800 | 1095 | 595 | 5077 | 208 |
| Jan-16 | 170 | 15900 | 15990 | 15860 | 15930 | 234 | 99 | 1080 | 65 |

| Spread | Oct-15 | Nov-15 | Dec-15 | Jan-16 |
|--------|--------|--------|--------|--------|
| Spot | -- | | | |
| Oct-15 | | 300 | | |
| Nov-15 | | | 10 | |
| Dec-15 | | | | -130 |
| Jan-16 | | | | |

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

*Updated at 5:00 pm on 12 October 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

| Centre | Variety | Prices | | Change |
|------------------------|-----------------|-------------------------------------|-----------|--------|
| | | 12-Oct-15 | 10-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 | 4500 | 4400 | 100 |
| Rajkot | B.T. Cotton | 4590 | 4505 | 85 |
| Patan | B.T. Cotton | NA | NA | - |
| Deesa | B.T. Cotton | NA | NA | - |
| Dhrol | B.T. Cotton | 4535 | NA | - |
| Muktsar | B.T. Cotton | NA | NA | - |
| Fazilika | B.T. Cotton | NA | NA | - |
| Bhiwani | Desi | NA | NA | - |
| Bhiwani | B.T. Cotton | 4520 | 4450 | 70 |
| Adampur | B.T. Cotton | 4450 | 4370 | 80 |
| Fatehabad | B.T. Cotton | 4450 | 4415 | 35 |
| Dabwali | B.T. Cotton | 4450 | 4400 | 50 |
| Jind | B.T. Cotton | 4658 | 4550 | 108 |
| Uchana (Jind) | B.T. Cotton | NA | NA | - |
| Rawatsar (Hanumangarh) | B.T. Cotton | Closed | 4450 | - |
| Hubli | B.T. Cotton | NA | NA | - |
| Hathras | B.T. Cotton(US) | 4050 | 4100 | -50 |
| Hanumangarh | B.T. Cotton | 4600 | 4550 | 50 |
| | Kapas | | | |
| Ahmedabad | Shankar-6 | NA | NA | - |
| Gondal | Shankar-6 | 4655 | 4505 | 150 |
| | Kapas | | | |
| Jamner (Jalgaon) | Medium Staple | NA | NA | - |
| Hathras | Desi | 4050 | 4150 | -100 |
| Bijapur | Bunny | NA | NA | - |
| Hubli | D.C.H. | NA | NA | - |
| Raichur | H-44 Cotton | NA | NA | - |
| Guntur | Un-Ginned | NA | NA | - |
| Kurnool | Un-Ginned | NA | NA | - |
| Krishna | Un-Ginned | NA | NA | - |
| East Godavari | Un-Ginned | 4050 | NA | - |
| | Lint | Rs./Maund (of 37.32 kg each) | | |
| Abohar | J-34 | 3510 | 3490 | 20 |
| Muktsar | J-34 | NA | NA | - |
| Fazilika | J-34 | NA | NA | - |
| Bhatinda | J-34 | 3510 | 3470 | 40 |

| | | | | |
|----------------|------|------|------|----|
| Sirsa | J-34 | 3420 | 3390 | 30 |
| Mansa | J-34 | NA | 3480 | - |
| Sri-Ganganagar | J-34 | NA | 3215 | - |

Cotton Arrivals in Key Centers:

| Centre | Variety | Arrivals (Qtl) | | Change |
|------------------------|-----------------|----------------|-----------|--------|
| | | 12-Oct-15 | 10-Oct-15 | |
| Amravati | Mech-1 | NA | NA | - |
| Khandwa | Mech-1 | NA | NA | - |
| Khargaon | Mech-1 | NA | NA | - |
| | | | | |
| Mahesana(Kadi) | B.T. Cotton | 6000 | 3500 | 2500 |
| Rajkot | B.T. Cotton | 1825 | 1250 | 575 |
| Patan | B.T. Cotton | NA | NA | - |
| Deesa | B.T. Cotton | NA | NA | - |
| Dhrol | B.T. Cotton | 301 | NA | - |
| Fazilika | B.T. Cotton | NA | NA | - |
| Muktsar | B.T. Cotton | NA | NA | - |
| Bhiwani | Desi | NA | NA | - |
| Bhiwani | B.T. Cotton | 5000 | 8000 | -3000 |
| Adampur | B.T. Cotton | 340 | 5100 | -4760 |
| Fatehabad | B.T. Cotton | 700 | 900 | -200 |
| Dabwali | B.T. Cotton | 1250 | 750 | 500 |
| Jind | B.T. Cotton | 204 | 255 | -51 |
| Uchana (Jind) | B.T. Cotton | NA | NA | - |
| Rawatsar (Hanumangarh) | B.T. Cotton | NA | 100 | - |
| Hubli | B.T. Cotton | Closed | NA | - |
| Hathras | B.T. Cotton(US) | 350 | 400 | -50 |
| Hanumangarh | B.T. Cotton | 400 | 500 | -100 |
| | | | | |
| Ahmedabad | Shankar-6 | NA | NA | - |
| Gondal | Shankar-6 | 1782 | 942 | 840 |
| | | | | |
| Jamner (Jalgaon) | Medium Staple | NA | NA | - |
| Hathras | Desi | 1200 | 1500 | -300 |
| Bijapur | Bunny | NA | NA | - |
| Hubli | D.C.H. | NA | NA | - |
| Raichur | H-44 Cotton | NA | 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 | 850 | 680 | 170 |
| Bhatinda | J-34 | 4250 | 5100 | -850 |

| | | | | |
|----------------|------|------|-----|------------|
| Sirsa | J-34 | 1360 | 850 | 510 |
| Mansa | J-34 | NA | 765 | - |
| Sri-Ganganagar | J-34 | NA | NA | - |

Cotton Association of India Spot Rates:

| Trade Name | Staple | Micronaire | Strength/ GPT | Rs. Per Candy | | Change |
|---------------------------------------|--------|------------|------------------|---------------|----------|-------------|
| | | | | 9-Oct-15 | 8-Oct-15 | |
| Bengal Deshi (RG)/Assam Comilla (101) | < 22mm | 5.0 - 7.0 | 15 | 30000 | 30000 | Unch |
| Bengal Deshi (SG)(201) | < 22mm | 5.0 - 7.0 | 15 | 30500 | 30500 | Unch |
| J-34(202) | 26mm | 3.5 - 4.9 | 23 | 31900 | 32000 | -300 |
| 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 |
|-----------|-------------|-----------|-----------|-------------|
| | | 12-Oct-15 | 10-Oct-15 | |
| Rajkot | Rs. /10 Kg. | 635 | 630 | 5 |
| New Delhi | Rs. /10 Kg. | 598 | 598 | Unch |
| Hyderabad | Rs. /10 Kg. | 610 | 630 | -20 |
| Mumbai | Rs. /10 Kg. | 640 | 640 | Unch |

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

| Centre | Unit | Price | | Change |
|-----------------|---------|-----------|-----------|--------|
| | | 12-Oct-15 | 10-Oct-15 | |
| Mahesana (Kadi) | Rs./Qtl | 2085 | Closed | - |
| Akola | Rs./Qtl | 1938 | Closed | - |

INTERNATIONAL PRICES AND INDICES

| China Cotton Index: As on 12/10/2015 | | |
|--------------------------------------|---------|-------------|
| Index | RMB/Ton | Change |
| CCIndex(328) | 13065 | -6 |
| CCIndex(527) | 11973 | Unch |
| CCIndex(229) | 13627 | -20 |

China Foreign Cotton (FC) Index : As on 12/10/2015

| 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 9/10/2015

| Cotlook Indices | Cents/Pound | Change |
|-----------------|-------------|--------|
| A-Index | 68.40 | -0.20 |

USDA Cotton Spot Rates: As on 9/10/2015

| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|------------------------|------------------------|----------|
| | cents/lb. | | bales |
| Southeast | 61.61 | 64.86 | NIL |
| North Delta | 60.86 | 63.61 | NIL |
| South Delta | 60.86 | 63.61 | NIL |
| East TX-OK | 59.50 | 61.75 | 1771 |
| West Texas | 58.50 | 60.75 | 561 |
| Desert SW | 58.61 | 65.11 | NIL |
| SJ Valley | 59.61 | 69.51 | 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 9/10/2015

| Contract | Open | High | Low | Close | Change |
|----------|-------|-------|-------|-------|--------|
| 15-Oct | 61.58 | 62.24 | 60.97 | 61.61 | -0.11 |
| 15-Dec | 61.60 | 62.09 | 60.90 | 61.53 | -0.07 |
| 16-Mar | 62.05 | 62.55 | 61.50 | 62.10 | -0.05 |
| 16-May | 62.34 | 62.87 | 61.85 | 62.48 | -0.03 |
| 16-Jul | 62.29 | 62.29 | 62.29 | 62.29 | 0.18 |
| 16-Oct | 62.07 | 63.00 | 61.75 | 62.45 | 0.18 |

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

| Product | Rate for | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
|------------|-----------|--------------|------------------|-------------------|
| Cotton | 37.32 Kgs | 5250 | 135 | 5385 |
| Equivalent | 40 Kgs | 5626 | 145 | 5771 |

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