

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed mixed tone on Tuesday.

In The News: Cotton yield is expected to be normal in Punjab though there is decline in acreage amid whitefly attack last season. Acreage has declined to 2.56 lakh hectares this season compared to 3.39 lakh hectares during the previous season. As on date the growth of the plant denotes that yield will be normal.

According to preliminary report by the government, cotton sowing as on 5th August, 2016 has been covered under 96.48 lakh hectares compared to 105.68 lakh hectares during the same period previous year.

In Gujarat, farmers are shifting towards pulses from cotton following higher remuneration from pulses. The prices of tur dal and other pulses have increased to Rs.155 and Rs.180 per kg in the state. The area under pulses in Gujarat is reported at 5.81 lakh hectares this year compared to 3.28 lakh hectares previous year. Cotton has been sown in 22.81 lakh hectares compared to 26.11 lakh hectares sown last year 8th August.

The Cotton Advisory Board has lowered cotton output in 2015-16 season on lower acreage. Cotton production estimates are 12 per cent lower at 338 lakh bales in 2015 -16 season compared to 386 lakh bales during the previous season. India's cotton imports have already touched 15 lb (14 lb) and may hit 18 lakh bales in next three months. The total cotton supply is estimated lower by three per cent to 419 lb (433 lb). Exports are seen higher at 68 lb (58 lb) even as domestic mill consumption dropping to 274 lb (278 lb) leading to higher demand of 376 lb (367 lb). The closing stock is expected to be lower at 43 lb (66 lb).

India exported 0.194 lakh bales of cotton last week (25 -31 July 2016), which was 0.124 lakh bales previous to last week (18 -24 July 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (25 -31 July, 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.143 lakh bales of cotton from India in the past week (25 -31 July, 2016). Other major importers were Vietnam, Indonesia, Taiwan and Japan and their imported volumes were 0.030 lakh bales, 0.012 lakh bales, 0.006 lakh bales and 0.001 lakh bales respectively.

Department of Agriculture, Ministry of Agriculture (MoA) in its second advance estimates, has revised the cotton production estimates downwardly for the season 2015-16 at 306.92 lakh bales (of 170 kg each). For the season 2014-15, the estimate was 346.23 lakh bales according to the first advance estimates for the season.

The Foreign Agriculture Services (FAS), division of USDA has lowered the production forecast for India in its latest report to 356 lakh bales. The reason for the downfall in the revision is lower yield expectation in Punjab and Haryana due to the attack of white fly and impact of pink bollworm in Gujarat.

According to Cotton Association of India (CAI), the arrivals during 2015-16 season up to the end of April 2016 are estimated at 302.40 lakh bales, lower compared to previous year. This reduction in the arrivals of cotton is an indication of a lower crop this season.

International Fundamentals:

The International Cotton Advisory reduced world cotton stock estimates to a four -year low of 18.83 million tonnes for the 2016 -17 season. Lower production and better demand in China have resulted in lower stocks. Chinese production is expected to decline by 26% to 4.8 million tonnes in 2016 -17, with the harvest in India seen down 11% at 5.7m tonnes. However, the stocks revision also reflected improved ideas on demand, now seen showing a small increase in 2016-17, of 80,000 tonnes to 23.9m tonnes. Use in China, the top consuming country, was estimated at 7.1m tonnes.

According to Australian Trade and Investment Commission, Bangladesh is likely to overtake China as the world's largest importer of cotton in the next four years. Bangladesh produces 0.1 million bales of cotton locally and currently imports more than 6 billion bales annually. This figure is likely to double by 2020 according to trade sources.

According to USDA latest report, global 2015/16 cotton ending stocks are revised down this month. World 2015-16 cotton production is projected at 97.92 million bales, 18 per cent below last season. World ending stocks are now projected lower at 100.27 million bales. For India, production is forecast at 26.8 million bales, same as previous month's estimates and India's crop is estimated 9 per cent below 2014/15 and the lowest since 2009/10.

Outlook

We expect domestic prices to remain range bound to firm in the near -term.

NCDEX Kapas Futures*: (Prices in Rs/20kg)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Con_1	-21.50	989	990	964	974	11003	1166	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	397	-	-
May-17	-	-	-

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)

*Updated at 5.15 pm on 09 Aug- 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
July-16	-490	22110	2110	21780	21860	2764	-86	1513393	6740
Nov-16	-540	20770	20840	20580	20600	506	-69	267089	35628

Spread	Jul-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
July-16		1260		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

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

* Updated at 5.15 pm on 09 Aug 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	9-Aug-16	8-Aug-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	6655	6605	50
	Rajkot	B.T. Cotton	6855	6690	165
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	6350	6100	250
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6500	6570	-70
	Fatehabad	B.T. Cotton	6525	6600	-75
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4500	4500	Unch
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	4100	-
	East Godavari	Un-Ginned	4150	4150	Unch
Karnataka	Bijapur	Bunny	6290	6239	51
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6000	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	9-Aug-16	8-Aug-16	
Punjab	Bhatinda	J-34	4900	4925	-25
	Abohar	J-34	4880	4920	-40

	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4930	4940	-10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	9-Aug-16	8-Aug-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	28	43	-15
	Rajkot	B.T. Cotton	70	80	-10
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	51	85	-34
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	110	10	100
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	7	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	9-Aug-16	8-Aug-16	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	NA	NA	-
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				8-Aug-16	6-Aug-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	34200	34200	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	34700	34700	Unch
J-34(202)	26mm	3.5 - 4.9	23	46500	46300	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	46800	46800	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	47800	47600	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	49900	49600	300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	50300	50000	300
DCH-32(107)	34mm	3.0 - 3.8	33	57500	57500	Unch

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

Centre	Unit	Price		Change
		9-Aug-16	8-Aug-16	
Rajkot	Rs. /10 Kg.	720	725	-5
New Delhi	Rs. /10 Kg.	690	690	Unch
Hyderabad	Rs. /10 Kg.	675	675	Unch
Mumbai	Rs. /10 Kg.	725	730	-5

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

Centre	Unit	Price		Change
		9-Aug-16	8-Aug-16	
Mahesana (Kadi)	Rs./Qtl	2670	2688	-18
Akola	Rs./Qtl	2679	2691	-12

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 09-August-2016		
Index	RMB/Ton	Change
CCIndex(328)	14888	-11
CCIndex(527)	13968	-2
CCIndex(229)	15162	-11
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 09-August-2016		
Index	Cents/lb	Change
FC Index (S)	89.14	-0.32
FC Index (M)	86.88	-0.28
FC Index (L)	83.97	-0.41

Cotlook Index: As on 08-August-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	85.85	1.00

USDA Cotton Spot Rates: As on 08-August-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	77.06	79.31	NIL
North Delta	75.56	78.31	NIL
South Delta	75.56	78.31	NIL
East TX-OK	72.75	74.75	97
West Texas	72.75	74.50	NIL
Desert SW	73.31	79.31	NIL
SJ Valley	74.56	84.46	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 08-August-2016

Contract	Open	High	Low	Close	Change
Oct-16	77.01	77.10	75.99	76.06	-0.58
Dec-16	76.77	77.10	75.55	76.05	-0.69
Mar-17	76.97	77.24	75.85	76.54	-0.43
May-17	76.49	76.61	75.68	76.19	-0.22
Jul-17	76.10	76.23	75.28	75.84	-0.14
Oct-17	75.01	75.01	75.01	75.01	-0.12

Pakistan Cotton Spot rates: As on 08-August-2016
(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6800	135	6935
Equivalent	40 Kgs	7288	145	7433

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