

## Domestic Fundamentals:

**Market Outlook:** Cotton spot prices noticed steady to weak tone on Wednesday.

**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 0.132 lakh bales of cotton last week (01 -06 August 2016), which was 0.194 lakh bales previous to last week (25 -31 July 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (01 -06 August, 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.129 lakh bales of cotton from India in the past week (01 -06 August, 2016). Other major importer was Pakistan and its imported volume was 0.003 lakh bales.

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	+5.00	964	976.5	956.5	972	11003	0	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	382	-	-
May-17	-	-	-

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

\*Updated at 8.02 pm on 10 Aug- 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
July-16	-50	21500	21670	21380	21640	3583	-819	1910631	397238
Nov-16	-180	20270	20410	20100	20330	1186	-680	577151	310062

Spread	Jul-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
July-16		1310		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

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

\* Updated at 8.02 pm on 10 Aug 2016

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

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	10-Aug-16	9-Aug-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	6000	6655	-655
	Rajkot	B.T. Cotton	6770	6855	-85
	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	6250	6350	-100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6400	6500	-100
	Fatehabad	B.T. Cotton	6350	6525	-175
	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	NA	-
	East Godavari	Un-Ginned	4150	4150	Unch
Karnataka	Bijapur	Bunny	6355	6290	65
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	6000	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	10-Aug-16	9-Aug-16	
Punjab	Bhatinda	J-34	4830	4900	-70
	Abohar	J-34	4820	4880	-60

	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
<b>Haryana</b>	Sirsa	J-34	4900	4930	<b>-30</b>
<b>Rajasthan</b>	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	10-Aug-16	9-Aug-16	
<b>Gujarat</b>	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	19	28	<b>-9</b>
	Rajkot	B.T. Cotton	60	70	<b>-10</b>
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
<b>Punjab</b>	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
<b>Haryana</b>	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	43	51	<b>-9</b>
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
<b>Rajasthan</b>	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
<b>Madhya Pradesh</b>	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
<b>Maharashtra</b>	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
<b>Telangana</b>	Adilabad	Un-Ginned	NA	NA	-
<b>Andhra Pradesh</b>	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
<b>Karnataka</b>	Bijapur	Bunny	20	110	<b>-90</b>
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	NA	7	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	10-Aug-16	9-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
				9-Aug-16	8-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	46000	46500	-500
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	46600	46800	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	47400	47800	-400
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	49500	49900	-400
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	49900	50300	-400
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
		10-Aug-16	9-Aug-16	
Rajkot	Rs. /10 Kg.	715	720	-5
New Delhi	Rs. /10 Kg.	690	690	Unch
Hyderabad	Rs. /10 Kg.	670	675	-5
Mumbai	Rs. /10 Kg.	725	725	Unch

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

Centre	Unit	Price		Change
		10-Aug-16	9-Aug-16	
Mahesana (Kadi)	Rs./Qtl	2661	2670	-9
Akola	Rs./Qtl	2678	2679	-1

**INTERNATIONAL PRICES AND INDICES**

<b>China Cotton Index: As on 10-August-2016</b>		
<b>Index</b>	<b>RMB/Ton</b>	<b>Change</b>
CCIndex(328)	14839	<b>-49</b>
CCIndex(527)	13933	<b>-35</b>
CCIndex(229)	15106	<b>-56</b>
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<b>China Foreign Cotton (FCE) Index : As on 10-August-2016</b>		
<b>Index</b>	<b>Cents/lb</b>	<b>Change</b>
FC Index (S)	86.14	<b>-3</b>
FC Index (M)	83.88	<b>-3</b>
FC Index (L)	80.97	<b>-3</b>

<b>Cotlook Index: As on 09-August-2016</b>		
<b>Cotlook Indices</b>	<b>Cents/Pound</b>	<b>Change</b>
A-Index	85.20	<b>-0.65</b>

<b>USDA Cotton Spot Rates: As on 09-August-2016</b>			
<b>Growth Area</b>	<b>Leaf 4 to Staple 34</b>	<b>Leaf 3 to Staple 35</b>	<b>Arrivals</b>
	<b>cents/lb.</b>		<b>bales</b>
<b>Southeast</b>	74.1	76.31	<b>NIL</b>
<b>North Delta</b>	72.6	75.31	<b>NIL</b>
<b>South Delta</b>	72.6	75.31	<b>NIL</b>
<b>East TX-OK</b>	69.8	71.75	<b>NIL</b>
<b>West Texas</b>	69.8	71.50	<b>NIL</b>
<b>Desert SW</b>	70.3	76.31	<b>NIL</b>
<b>SJ Valley</b>	71.6	81.46	<b>NIL</b>

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 09-August-2016**

Contract	Open	High	Low	Close	Change
<b>Oct-16</b>	74.50	74.50	73.06	73.06	<b>-3.00</b>
<b>Dec-16</b>	76.13	76.13	73.05	73.05	<b>-3.00</b>
<b>Mar-17</b>	76.71	76.71	73.54	73.54	<b>-3.00</b>
<b>May-17</b>	75.23	75.23	73.19	73.19	<b>-3.00</b>
<b>Jul-17</b>	74.90	74.90	72.84	72.84	<b>-3.00</b>
<b>Oct-17</b>	72.37	72.37	72.37	72.37	<b>-2.64</b>

**Pakistan Cotton Spot rates: As on 09-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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