

## 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 12th August, 2016 has been covered under 99.03 lakh hectares compared to 108.67 lakh hectares during the same period previous year.

With a view to promote Cotton farming, during cotton season 2016-17, Ministry of Agriculture, Cooperation & Farmer Welfare has fixed minimum support price for medium staple length cotton at Rs. 3860/- per quintal and for long staple at Rs. 4160/- per quintal.

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 and International cotton prices jumped to over 80 cents/lb in the second half of July 2016 from an average of 70 cents/lb for the rest of the season. Significantly lower crops in the five largest producing countries and higher than expected demand led to tighter stocks at the end of 2015/16, at which time world ending stocks were estimated to have fallen by 12% to 19.7 million tons. Stocks outside of China decreased by 9%, to 8.4 million tons, which is the lowest level since 2010/11, when they reached 8.3 million tons. Furthermore, strong demand in China has reduced its national stocks by 12%, to 11.3 million tons.

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	-35.00	953	958	934	937.50	9324	4800	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	391.50	-	-
May-17	-	-	-

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

\*Updated at 8.31 pm on 16 Aug- 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
July-16	-870	21400	21400	20920	20920	2711	-1697	1432504	896899
Nov-16	-810	19950	19950	19590	19590	933	-643	442047	294374

Spread	Jul-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
July-16		1330		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

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

\* Updated at 8.31 pm on 16 Aug 2016

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

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	16-Aug-16	13-Aug-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	6605	6155	450
	Rajkot	B.T. Cotton	6645	6650	-5
	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	6150	6300	-150
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6250	6250	Unch
	Fatehabad	B.T. Cotton	6225	6225	Unch
	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	4650	4600	50
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4150	4160	-10
Karnataka	Bijapur	Bunny	NA	6149	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5879	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	16-Aug-16	13-Aug-16	
Punjab	Bhatinda	J-34	4870	4850	20

	Abohar	J-34	4870	4860	10
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4860	4850	10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	16-Aug-16	13-Aug-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	86	26	60
	Rajkot	B.T. Cotton	160	225	-65
	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	100	100	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	43	34	9
	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	NA	10	-
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	15	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	16-Aug-16	13-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
				13-Aug-16	12-Aug-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	33700	33900	-200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	34200	34400	-200
J-34(202)	26mm	3.5 - 4.9	23	45600	45400	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	46400	46400	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	47100	47100	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	49100	49100	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	49500	49500	Unch
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
		16-Aug-16	13-Aug-16	
Rajkot	Rs. /10 Kg.	725	715	10
New Delhi	Rs. /10 Kg.	690	690	Unch
Hyderabad	Rs. /10 Kg.	680	675	5
Mumbai	Rs. /10 Kg.	735	725	10

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

Centre	Unit	Price		Change
		16-Aug-16	13-Aug-16	

Mahesana (Kadi)	Rs./Qtl	2622	2641	<b>-19</b>
Akola	Rs./Qtl	2668	2666	<b>2</b>

### INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 16-August-2016		
Index	RMB/Ton	Change
CCIndex(328)	14602	<b>-89</b>
CCIndex(527)	13767	<b>-61</b>
CCIndex(229)	14852	<b>-81</b>
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 16-August-2016		
Index	Cents/lb	Change
FC Index (S)	82.57	<b>-1.75</b>
FC Index (M)	80.62	<b>-1.75</b>
FC Index (L)	76.43	<b>-2.00</b>

Cotlook Index: As on 15-August-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	80.00	<b>-1.10</b>

USDA Cotton Spot Rates: As on 15-August-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
<b>Southeast</b>	71.34	69.09	<b>NIL</b>
<b>North Delta</b>	70.34	67.59	<b>NIL</b>
<b>South Delta</b>	70.34	67.59	<b>NIL</b>
<b>East TX-OK</b>	66.50	64.50	<b>NIL</b>
<b>West Texas</b>	66.25	64.50	<b>NIL</b>
<b>Desert SW</b>	71.34	65.34	<b>NIL</b>
<b>SJ Valley</b>	76.49	66.59	<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 15-August-2016**

Contract	Open	High	Low	Close	Change
Oct-16	70.48	70.52	68.01	68.09	-1.79
Dec-16	70.95	71.51	68.77	68.86	-1.79
Mar-17	71.42	71.91	69.33	69.41	-1.7
May-17	71.8	71.85	69.42	69.52	-1.64
Jul-17	71.73	71.79	69.4	69.46	-1.67
Oct-17	69.06	69.06	69.06	69.06	-1.76

**Pakistan Cotton Spot rates: As on 15-August-2016**
**(in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6550	135	6685
Equivalent	40 Kgs	7020	145	7165

**Disclaimer**

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2015 Indian Agribusiness Systems Pvt. Ltd.