

Domestic Fundamentals:

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

In The News: According to preliminary report by the government, cotton sowing as on 19th August, 2016 has been covered under 101.54 lakh hectares compared to 110.23 lakh hectares during the same period previous year.

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.

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.

Zimbabwe is expecting a production of 30000 tonnes to 35000 tonnes in the current season compared to 102000 tonnes last year. This is mainly due to drought in last season and reduction in finance from cotton companies. The worst harvest for the country was in 1992, when only 52000 tonnes was produced because of drought.

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	0.5	929	934.5	922.5	929.5	3999	1132	9040	433
Con_2	-	-	-	-	-	-	-	-	-

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

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

*Updated at 4:45 pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-16	110	20330	20570	20330	20440	1348	1228	3589	159
Nov-16	20	19300	19370	19180	19270	279	436	2534	56

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	---			-	-	-
Oct-16		1170		-	-	-
Nov-16			-	-	-	-
	---			-	-	-

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

* Updated at 4:45 pm

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	22-Aug-16	20-Aug-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	6250	5500	750
	Rajkot	B.T. Cotton	Closed	6650	-
	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(New Crop)	5350	5350	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6070	6150	-80
	Fatehabad	B.T. Cotton(New Crop)	5200	5100	100
	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	NR	4200	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4600	4400	200
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	4100	NA	-
	East Godavari	Un-Ginned	4150	4160	-10
Karnataka	Bijapur	Bunny	4559	4515	44
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5000	5100	-100

Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	22-Aug-16	20-Aug-16	
Punjab	Bhatinda	J-34	4830	4840	-10
	Abohar	J-34	4830	4830	Unch
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4770	4790	-20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	22-Aug-16	20-Aug-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	50	25	25
	Rajkot	B.T. Cotton	Closed	160	-
	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	200	500	-300
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	43	-
	Fatehabad	B.T. Cotton	7	7	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	NR	25	-
	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	30	15	15
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	22-Aug-16	20-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
				20-Aug-16	19-Aug-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	32900	33200	-300
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	33400	33700	-300
J-34(202)	26mm	3.5 - 4.9	23	44900	45300	-400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	45400	45700	-300
Shankar-6(105)	29mm	3.5 - 4.9	28	46100	46400	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	48100	48400	-300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48500	48800	-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
		22-Aug-16	20-Aug-16	
Rajkot	Rs. /10 Kg.	715	715	Unch
New Delhi	Rs. /10 Kg.	700	700	Unch
Hyderabad	Rs. /10 Kg.	695	690	5
Mumbai	Rs. /10 Kg.	730	740	-10

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

Centre	Unit	Price		Change
		22-Aug-16	20-Aug-16	
Mahesana (Kadi)	Rs./Qtl	2582	2607	-25
Akola	Rs./Qtl	2653	2679	-26

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 22-August-2016

Index	RMB/Ton	Change
CCIndex(328)	14462	-71
CCIndex(527)	13682	-25
CCIndex(229)	14717	-45

RMB -Renminbi, 1RMB =0.16 \$U.S.

China Foreign Cotton (FCE) Index : As on 19-August-2016

Index	Cents/lb	Change
FC Index (S)	82.98	0.45
FC Index (M)	80.82	0.38
FC Index (L)	76.95	0.55

Cotlook Index: As on 19-August-2016

Cotlook Indices	Cents/Pound	Change
A-Index	78.65	0.25

USDA Cotton Spot Rates: As on 19-August-2016

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	68.57	70.82	NIL
North Delta	67.07	69.82	NIL
South Delta	67.07	69.82	NIL
East TX-OK	64.00	66.00	NIL
West Texas	64.00	65.75	NIL
Desert SW	64.82	70.82	NIL
SJ Valley	66.07	75.97	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 19-August-2016					
Contract	Open	High	Low	Close	Change
Oct-16	68.61	68.61	67.29	67.57	-0.93
Dec-16	69.14	69.56	67.67	68.03	-0.98
Mar-17	69.74	70.15	68.40	68.76	-0.88
May-17	69.52	69.52	68.41	68.79	-0.79
Jul-17	69.00	69.00	68.30	68.67	-0.75
Oct-17	68.27	68.27	68.27	68.27	-0.73

Pakistan Cotton Spot rates: As on 20-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

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