

Domestic Fundamentals:

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

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.

According to farmers, pink bollworm pest attack has been reported in the Haveri district of Karnataka, where cotton is sown in about 1 lakh hectares annually. Previous year, the worm had affected Bt cotton crop in Raichur district. The kharif sowing of cotton in Haveri is done in 69,000 hectares land. According to the Joint Director of Agriculture of Haveri district, the pest attack is not alarming and has been reported in 500 hectares. However precautionary steps are being taken to sensitise farmers.

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	-19.00	935	936	913.5	916	5162	-134	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	414	-	-
May-17	-	-	-

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

*Updated at 5:31 pm on 23 August -2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-16	100	20770	20770	20400	20600	1302	711	665294	-386518
Nov-16	-10	19380	19460	19260	19320	233	239	107307	-125706

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Oct-16		1280		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

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

* Updated at 4:45 pm on 23 August- 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	23-Aug-16	22-Aug-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	6000	6250	-250
	Rajkot	B.T. Cotton	Closed	Closed	-
	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)	5100	5350	-250
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6050	6070	-20
	Fatehabad	B.T. Cotton(New Crop)	5500	5200	300
	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	NR	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4600	4600	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	5609	4559	1050
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5000	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	23-Aug-16	22-Aug-16	
Punjab	Bhatinda	J-34	4850	4830	20

	Abohar	J-34	4850	4830	20
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4790	4770	20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	23-Aug-16	22-Aug-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	36	50	-14
	Rajkot	B.T. Cotton	Closed	Closed	-
	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	300	200	100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	8	7	1
	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	NR	-
	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	20	NA	-
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	30	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	23-Aug-16	22-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
				22-Aug-16	20-Aug-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	32900	32900	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	33400	33400	Unch
J-34(202)	26mm	3.5 - 4.9	23	44800	44900	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	45200	45400	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	45900	46100	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	47900	48100	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48300	48500	-200
DCH-32(107)	34mm	3.0 - 3.8	33	57000	57500	-500

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

Centre	Unit	Price		Change
		23-Aug-16	22-Aug-16	
Rajkot	Rs. /10 Kg.	Closed	715	-
New Delhi	Rs. /10 Kg.	700	700	Unch
Hyderabad	Rs. /10 Kg.	695	695	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
		23-Aug-16	22-Aug-16	

Mahesana (Kadi)	Rs./Qtl	2570	2582	-12
Akola	Rs./Qtl	2643	2653	-10

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 23-August-2016		
Index	RMB/Ton	Change
CCIndex(328)	14445	-17
CCIndex(527)	13662	-20
CCIndex(229)	14691	-26
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 23-August-2016		
Index	Cents/lb	Change
FC Index (S)	81.97	0.29
FC Index (M)	79.25	0.19
FC Index (L)	76.04	0.33

Cotlook Index: As on 22-August-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	77.55	-1.10

USDA Cotton Spot Rates: As on 22-August-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	68.92	71.17	NIL
North Delta	67.42	70.17	NIL
South Delta	67.42	70.17	NIL
East TX-OK	64.25	66.25	NIL
West Texas	64.25	66.00	NIL
Desert SW	65.17	71.17	NIL
SJ Valley	66.42	76.32	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 22-August-2016

Contract	Open	High	Low	Close	Change
Oct-16	67.15	68.57	67.15	67.92	0.35
Dec-16	68.05	68.90	67.63	68.28	0.25
Mar-17	68.77	69.56	68.35	68.95	0.19
May-17	68.90	69.40	68.72	69.08	0.29
Jul-17	68.99	69.30	68.65	69.08	0.41
Oct-17	68.77	68.77	68.77	68.77	0.50

Pakistan Cotton Spot rates: As on 22-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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