

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed range –bound to weak tone on Thursday.

In The News: According to preliminary report by the government, cotton sowing as on 26th August, 2016 has been covered under 102.78 lakh hectares compared to 112.68 lakh hectares during the same period previous year.

The pink bollworm pest has started developing resistance to the Bt cottonseed across various parts of the country and is affecting the farmers. A pheromone trap with a chemical formulation, consisting of gossypure and some other natural ingredients has been developed by the Nagpur-based Central Institute for Cotton Research (CICR) under the aegis of the Indian Council for Agricultural Research (ICAR) with Innovative Biosciences Pvt. Ltd.

India the largest producer of cotton is likely to buy up to 2 million bales of cotton this year. Till date India has imported around 1.5 million bales of cotton and has already signed contracts to purchase an additional 400,00 bales according to government sources. Imports have increased amid lower domestic production and lower prices in the global markets.

In its first estimate, Cotton Association of India (CAI) has estimated output for the year starting October 2016 at 336 lakh bales of 170 kg each. In the current year, production has been estimated at 337.5 lakh bales as on July end. Though acreage till date is around 10% lower compared to previous year, productivity will help to support output.

India exported 0.121 lakh bales of cotton last week (22 -28 August 2016), which was 0.146 lakh bales previous to last week (15 -21 August 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (22 -28 August, 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.087 lakh bales of cotton from India in the past week (22 -28 August, 2016). Other major importers were Indonesia, Pakistan, Thailand and Japan and their imported volumes were 0.019 lakh bales, 0.011 lakh bales, 0.003 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 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.

Pakistan is likely to produce 13 million bales of cotton this season. This is slightly higher than previous year's production. Close co-ordination between the Central Government and the government of Punjab by controlling the Pink Bollworm has helped the farmers and they had also been trained to drain their fields properly to safeguard their crops.

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	+6.00	881	889	879	886	3729	-251	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	314	-	-
May-17	-	-	-

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

*Updated at 5:14 pm on 01 September -2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-16	+290	19650	19920	19610	19900	1434	197	708554	-85987
Nov-16	+250	18500	18700	18420	18670	539	-142	235958	52469

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Oct-16		1230		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

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

* Updated at 5:14 pm on 01 September- 2016

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	1-Sep-16	31-Aug-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	NA	6000	-
	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)	5500	5500	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6250	6000	250
	Fatehabad	B.T. Cotton(New Crop)	5300	5300	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	4950	5000	-50
	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	NA	-
	East Godavari	Un-Ginned	4150	4150	Unch
Karnataka	Bijapur	Bunny	5569	5560	9
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	1-Sep-16	31-Aug-16	
Punjab	Bhatinda	J-34	4650	4750	-100

	Abohar	J-34	4640	4740	-100
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4600	4675	-75
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	1-Sep-16	31-Aug-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	NA	-
	Rajkot	B.T. Cotton	NA	120	-
	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	1000	1500	-500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	100	30	70
	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	350	150	200
	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	10	10	Unch
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	1-Sep-16	31-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
				31-Aug-16	30-Aug-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	31600	32000	-400
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	32100	32500	-400
J-34(202)	26mm	3.5 - 4.9	23	44000	44400	-400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	43000	43200	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	43900	43900	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	46000	46000	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	47300	47300	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	54500	55000	-500

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

Centre	Unit	Price		Change
		1-Sep-16	31-Aug-16	
Rajkot	Rs. /10 Kg.	690	695	-5
New Delhi	Rs. /10 Kg.	675	680	-5
Hyderabad	Rs. /10 Kg.	695	695	Unch
Mumbai	Rs. /10 Kg.	708	708	Unch

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

Centre	Unit	Price		Change
		1-Sep-16	31-Aug-16	
Mahesana (Kadi)	Rs./Qtl	2603	2588	15
Akola	Rs./Qtl	2667	2643	24

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 01-September-2016		
Index	RMB/Ton	Change
CCIndex(328)	14138	-88
CCIndex(527)	13430	73
CCIndex(229)	14282	-50
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 31-August-2016		
Index	Cents/lb	Change
FC Index (S)	79.68	-0.71
FC Index (M)	77.32	-0.62
FC Index (L)	74.32	-0.56

Cotlook Index: As on 31-August-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	75.70	-0.60

USDA Cotton Spot Rates: As on 31-August-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	66.32	68.57	NIL
North Delta	64.82	67.57	NIL
South Delta	64.82	67.57	NIL
East TX-OK	63.00	65.00	448
West Texas	62.00	63.75	NIL
Desert SW	62.57	68.57	NIL
SJ Valley	63.82	73.72	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 31-August-2016

Contract	Open	High	Low	Close	Change
Oct-16	65.22	65.70	65.22	65.32	-0.65
Dec-16	66.43	66.59	65.41	65.58	-0.71
Mar-17	66.70	66.93	65.90	66.01	-0.66
May-17	66.84	66.85	66.00	66.10	-0.68
Jul-17	66.15	66.70	66.00	66.06	-0.66
Oct-17	65.80	65.80	65.80	65.80	-0.58

Pakistan Cotton Spot rates: As on 31-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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