

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed range –bound to firm tone on Friday.

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	+5.00	895	904	887	894.50	6026	2297	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	305.50	-	-
May-17	-	-	-

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

*Updated at 5:37 pm on 02 September -2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-16	+20	20180	20370	19880	19980	2727	-1096	1352897	558356
Nov-16	+70	18920	19010	18630	18760	545	-148	235773	52284

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Oct-16		1220		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

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

* Updated at 5:37 pm on 02 September- 2016

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	2-Sep-16	1-Sep-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	5805	NA	-
	Rajkot	B.T. Cotton	5855	NA	-
	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)	5550	5500	50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6000	6250	-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	4950	Unch
	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	4150	Unch
Karnataka	Bijapur	Bunny	NA	5569	-
	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	2-Sep-16	1-Sep-16	
Punjab	Bhatinda	J-34	4680	4650	30

	Abohar	J-34	4670	4640	30
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4620	4600	20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	2-Sep-16	1-Sep-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	30	NA	-
	Rajkot	B.T. Cotton	150	NA	-
	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	2000	1000	1000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	40	100	-60
	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	350	Unch
	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	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	2-Sep-16	1-Sep-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
				1-Sep-16	31-Aug-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	31600	31600	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	32100	32100	Unch
J-34(202)	26mm	3.5 - 4.9	23	43400	44000	-600
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42700	43000	-300
Shankar-6(105)	29mm	3.5 - 4.9	28	43500	43900	-400
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	46000	46000	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	47100	47300	-200
DCH-32(107)	34mm	3.0 - 3.8	33	54000	54500	-500

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

Centre	Unit	Price		Change
		2-Sep-16	1-Sep-16	
Rajkot	Rs. /10 Kg.	690	690	Unch
New Delhi	Rs. /10 Kg.	670	675	-5
Hyderabad	Rs. /10 Kg.	695	695	Unch
Mumbai	Rs. /10 Kg.	705	708	-3

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

Centre	Unit	Price		Change
		2-Sep-16	1-Sep-16	
Mahesana (Kadi)	Rs./Qtl	2617	2603	14
Akola	Rs./Qtl	2677	2667	10

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 02-September-2016		
Index	RMB/Ton	Change
CCIndex(328)	14081	-57
CCIndex(527)	13377	-53
CCIndex(229)	14329	-53
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 02-September-2016		
Index	Cents/lb	Change
FC Index (S)	81.87	2.43
FC Index (M)	78.44	1.92
FC Index (L)	75.72	2.18

Cotlook Index: As on 01-September-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	75.00	-0.70

USDA Cotton Spot Rates: As on 01-September-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	69.01	71.26	NIL
North Delta	67.51	70.26	NIL
South Delta	67.51	70.26	NIL
East TX-OK	65.75	67.75	1441
West Texas	64.75	66.50	NIL
Desert SW	65.26	71.26	NIL
SJ Valley	66.51	76.41	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 01-September-2016

Contract	Open	High	Low	Close	Change
Oct-16	66.00	68.08	65.99	68.01	2.69
Dec-16	65.50	68.30	65.45	68.18	2.60
Mar-17	65.90	68.33	65.85	68.19	2.18
May-17	66.00	68.37	66.00	68.18	2.08
Jul-17	65.96	68.08	65.96	68.08	2.02
Oct-17	67.83	67.83	67.83	67.83	2.03

Pakistan Cotton Spot rates: As on 01-September-2016
(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6500	135	6635
Equivalent	40 Kgs	6966	145	7111

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