

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 2nd September, 2016 has been covered under 101.96 lakh hectares compared to 114.17 lakh hectares during the same period previous year.

Acreage of cotton is expected to be lower this year; it has already touched a three year average low at 23 lakh hectares. Yield is expected to be higher on account of late but good and widespread rainfall which will result in a good crop size. Final acreage and production for Gujarat are likely to be around 25 lakh hectares and 99.3 lakh hectares respectively.

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 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	4.5	888	893.5	884.5	889.5	1891	4895	10951	-579
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	313.5	-	-
May-17	-	-	-

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

*Updated at 5:00 pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-16	120	19700	19800	19580	19770	941	2336	3394	30
Nov-16	140	18720	18760	18590	18730	206	432	2016	86

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Oct-16		1040		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

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

* Updated at 5:00 pm

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	6-Sep-16	5-Sep-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NR	5755	-
	Rajkot	B.T. Cotton	6015	5935	80
	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)	5300	5500	-200
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	4990	5500	-510
	Fatehabad	B.T. Cotton(New Crop)	5000	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	4600	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4650	4300	350
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4150	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	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	6-Sep-16	5-Sep-16	
Punjab	Bhatinda	J-34	4450	4555	-105
	Abohar	J-34	4560	4570	-10

	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4400	4525	-125
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	6-Sep-16	5-Sep-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NR	39	-
	Rajkot	B.T. Cotton	20	50	-30
	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	1500	1000	500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	15	10	5
	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	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	NA	NA	-
	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	6-Sep-16	5-Sep-16	
Punjab	Bhatinda	J-34	85	85	Unch
	Abohar	J-34	85	85	Unch
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	170	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
				3-Sep-16	2-Sep-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	43300	43400	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42800	42800	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	43700	43700	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	46000	46000	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	47100	47100	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	54000	54000	Unch

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

Centre	Unit	Price		Change
		5-Sep-16	3-Sep-16	
Rajkot	Rs. /10 Kg.	710	690	20
New Delhi	Rs. /10 Kg.	680	670	10
Hyderabad	Rs. /10 Kg.	Closed	695	-
Mumbai	Rs. /10 Kg.	710	705	5

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

Centre	Unit	Price		Change
		5-Sep-16	3-Sep-16	
Mahesana (Kadi)	Rs./Qtl	Closed	2617	-
Akola	Rs./Qtl	Closed	2677	-

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 06-September-2016		
Index	RMB/Ton	Change
CCIndex(328)	14063	-18
CCIndex(527)	13355	-22
CCIndex(229)	14302	-27
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 06-September-2016		
Index	Cents/lb	Change
FC Index (S)	81.53	Unch
FC Index (M)	78.14	Unch
FC Index (L)	75.39	Unch

Cotlook Index: As on 05-September-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	77.05	-0.30

USDA Cotton Spot Rates: As on 02-September-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	68.51	70.76	NIL
North Delta	67.01	69.76	NIL
South Delta	67.01	69.76	NIL
East TX-OK	65.75	67.75	546
West Texas	64.75	66.5	80
Desert SW	64.76	70.76	NIL
SJ Valley	66.01	75.91	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.): Ason 05-September-2016

Contract	Open	High	Low	Close	Change
Oct-16	67.90	68.03	67.10	67.51	-0.50
Dec-16	68.17	68.24	67.26	67.79	-0.39
Mar-17	68.23	68.30	67.53	68.11	-0.08
May-17	68.34	68.38	67.69	68.20	0.02
Jul-17	68.16	68.17	67.69	68.15	0.07
Oct-17	67.90	67.90	67.90	67.90	0.07

Pakistan Cotton Spot rates: As on 05-September-2016
(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6200	135	6335
Equivalent	40 Kgs	6645	145	6790

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