

Domestic Fundamentals:

Market Outlook: Cotton spot prices witnessed firm trend in various market centers on Tuesday.

In The News: Last year, around 1.5 million hectares off cotton crop was destroyed in Punjab, Haryana and Rajasthan due to whitefly. A revenue loss of Rs. 10000 crore was incurred by farmers despite use of pesticides worth Rs. 500 crore. Therefore a whitefly resistant cotton seed has been developed by the NBRI. This will help farmers in the states of Punjab and Haryana, as these two are worst hit by whitefly in last couple of years.

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 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	12	893	908.5	891	905.5	4510	-1861	11558	-316
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	281.5	-	-
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	240	19840	20160	19790	20110	1267	-577	3341	-62
Nov-16	200	18840	19100	18820	19060	715	-361	1843	150

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Oct-16		1050		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	13-Sep-16	10-Sep-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	Closed	5600	-
	Rajkot	B.T. Cotton	5985	5900	85
	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	5050	450
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5340	5300	40
	Fatehabad	B.T. Cotton(New Crop)	5150	5050	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	5405	5505	-100
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	4650	4600	50
	Hathras	Desi	4300	4300	Unch
Telangana	Adilabad	Un-Ginned	4650	4650	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	6240	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	4900	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	13-Sep-16	10-Sep-16	
Punjab	Bhatinda	J-34	4460	4400	60
	Abohar	J-34	4450	4350	100

	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4400	4300	100
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	13-Sep-16	10-Sep-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	Closed	20	-
	Rajkot	B.T. Cotton	250	150	100
	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	7000	1200	5800
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	170	170	Unch
	Fatehabad	B.T. Cotton	100	25	75
	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	820	3300	-2480
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	125	150	-25
	Hathras	Desi	50	60	-10
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	120	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	10	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	13-Sep-16	10-Sep-16	
Punjab	Bhatinda	J-34	595	51	544
	Abohar	J-34	170	42.5	128
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	85	85	Unch
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
				12-Sep-16	10-Sep-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	29800	29800	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	30300	30300	Unch
J-34(202)	26mm	3.5 - 4.9	23	41900	41500	400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42700	42400	300
Shankar-6(105)	29mm	3.5 - 4.9	28	43700	43400	300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	45800	45300	500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	46900	46400	500
DCH-32(107)	34mm	3.0 - 3.8	33	54500	54000	500

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

Centre	Unit	Price		Change
		13-Sep-16	10-Sep-16	
Rajkot	Rs. /10 Kg.	700	700	Unch
New Delhi	Rs. /10 Kg.	Closed	670	-
Hyderabad	Rs. /10 Kg.	Closed	695	-
Mumbai	Rs. /10 Kg.	705	710	-5

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

Centre	Unit	Price		Change
		13-Sep-16	10-Sep-16	
Mahesana (Kadi)	Rs./Qtl	2552	2563	-11
Akola	Rs./Qtl	2647	2630	17

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 13-September-2016

Index	RMB/Ton	Change
CCIndex(328)	14139	3
CCIndex(527)	13451	23
CCIndex(229)	14372	5

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

China Foreign Cotton (FCE) Index : As on 13-September-2016

Index	Cents/lb	Change
FC Index (S)	80.54	-2.09
FC Index (M)	77.45	-1.94
FC Index (L)	74.85	-7.78

Cotlook Index: As on 12-September-2016

Cotlook Indices	Cents/Pound	Change
A-Index	78.20	-0.25

USDA Cotton Spot Rates: As on 12-September-2016

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	67.97	70.22	NIL
North Delta	66.47	69.22	NIL
South Delta	66.47	69.22	NIL
East TX-OK	65.50	67.50	209
West Texas	64.50	66.25	NIL
Desert SW	64.22	70.22	NIL
SJ Valley	65.47	75.37	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 12-September-2016

Contract	Open	High	Low	Close	Change
Oct-16	68.90	69.12	66.87	66.97	-1.91
Dec-16	69.01	69.11	66.51	66.69	-2.39
Mar-17	69.19	69.22	66.88	67.00	-2.30

May-17	69.20	69.33	67.13	67.29	-2.22
Jul-17	69.28	69.28	67.44	67.44	-2.13
Oct-17	67.29	67.29	67.29	67.29	-1.96

Pakistan Cotton Spot rates: As on 10-September-2016				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5900	135	6035
Equivalent	40 Kgs	6323	145	6468

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