

Domestic Fundamentals:

Market Outlook: Cotton spot prices witnessed mixed trend in various market centers on Thursday.

In The News: India exported 0.156 lakh bales of cotton last week (05 -11 September 2016), which was 0.207 lakh bales previous to last week (29 -04 September 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (05 -11 September 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.154 lakh bales of cotton from India in the past week (05 -11 September 2016). Other major importers were Thailand and Pakistan and their imported volumes were 0.027 lakh bales and 0.013 lakh bales respectively.

Last year, around 1.5 million hectares of 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.

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:

Mali predicted cotton production of more than 650,000 tonnes this year amidst increase in land areage by 14%.

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.

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	+2.50	921.00	925.00	913.50	919.50	3,430	-3,183	11490	317
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	318.5	-	-
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	+100.00	20450.00	20600.00	20410.00	20440.00	1,184	-387	3700	164
Nov-16	+130.00	19130.00	19230.00	19050.00	19040.00	455	18	2215	33

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Oct-16		1400		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

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

* Updated at 5:00 pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	15-Sep-16	14-Sep-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	5855	5855	Unch
	Rajkot	B.T. Cotton	6190	6060	130
	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)	5700	5700	Unch
	Bhiwani	Desi	4300	4300	Unch
	Adampur	B.T. Cotton	5350	5450	-100
	Fatehabad	B.T. Cotton(New Crop)	5350	5350	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	5325	5325	Unch
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	4700	4600	100
	Hathras	Desi	4450	4400	50
Telangana	Adilabad	Un-Ginned	4650	4650	Unch
Andhra Pradesh	Guntur	Un-Ginned	4500	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4150	4150	Unch
Karnataka	Bijapur	Bunny	5509	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	15-Sep-16	14-Sep-16	
Punjab	Bhatinda	J-34	4475	4460	15
	Abohar	J-34	4475	4430	45

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

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	15-Sep-16	14-Sep-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	13	42	-29
	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	5000	3000	2000
	Bhiwani	Desi	500	500	Unch
	Adampur	B.T. Cotton	170	170	Unch
	Fatehabad	B.T. Cotton	125	100	25
	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	570	570	Unch
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	500	550	-50
	Hathras	Desi	150	60	90
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	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	15-Sep-16	14-Sep-16	
Punjab	Bhatinda	J-34	850	850	Unch
	Abohar	J-34	170	170	Unch
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	425	340	85
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
				14-Sep-16	13-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	42700	42400	300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	43900	43200	700
Shankar-6(105)	29mm	3.5 - 4.9	28	44500	44100	400
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	47000	46300	700
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	47900	47400	500
DCH-32(107)	34mm	3.0 - 3.8	33	54900	54900	Unch

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

Centre	Unit	Price		Change
		15-Sep-16	14-Sep-16	
Rajkot	Rs. /10 Kg.	680	685	-5
New Delhi	Rs. /10 Kg.	660	660	Unch
Hyderabad	Rs. /10 Kg.	Closed	695	-
Mumbai	Rs. /10 Kg.	700	705	-5

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

Centre	Unit	Price		Change
		15-Sep-16	14-Sep-16	
Mahesana (Kadi)	Rs./Qtl	2555	2554	1
Akola	Rs./Qtl	2669	2659	10

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 14-September-2016

Index	RMB/Ton	Change
CCIndex(328)	14141	2
CCIndex(527)	13462	11
CCIndex(229)	14372	Unch

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

China Foreign Cotton (FCE) Index : As on 14-September-2016

Index	Cents/lb	Change
FC Index (S)	80.73	0.19
FC Index (M)	77.69	0.24
FC Index (L)	75.10	0.25

Cotlook Index: As on 14-September-2016

Cotlook Indices	Cents/Pound	Change
A-Index	76.10	0.15

USDA Cotton Spot Rates: As on 14-September-2016

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	69.08	71.33	NIL
North Delta	67.58	70.33	NIL
South Delta	67.58	70.33	NIL
East TX-OK	66.50	68.50	57
West Texas	65.50	67.25	NIL
Desert SW	65.33	71.33	NIL
SJ Valley	66.58	76.48	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 14-September-2016

Contract	Open	High	Low	Close	Change
Oct-16	67.79	68.08	67.79	68.08	0.88
Dec-16	67.01	67.76	66.55	67.53	0.63
Mar-17	67.19	67.95	66.85	67.74	0.63
May-17	67.43	68.32	67.43	68.17	0.75
Jul-17	67.79	68.50	67.79	68.37	0.84
Oct-17	68.12	68.12	68.12	68.12	0.82

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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