

Domestic Fundamentals:

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

In The News: According to preliminary report by the government, cotton sowing as on 16th September, 2016 has been covered under 102.23 lakh hectares compared to 115.20 lakh hectares during the same period previous year.

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	-6.50	918.00	920.50	908.00	919.00	3,829	399	11933	443
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	319	-	-
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	+20.0 0	20460.0 0	20580. 00	20420.0 0	20500.00	673	-511	3692	-8
Nov-16	+50.0 0	19180.0 0	19220. 00	19080.0 0	19140.00	205	-250	2221	6

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Oct-16		1360		-	-	-
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	17-Sep-16	16-Sep-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	6105	6100	5
	Rajkot	B.T. Cotton	6300	6190	110
	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)	6000	5900	100
	Bhiwani	Desi	4550	4500	50
	Adampur	B.T. Cotton	5450	5450	Unch
	Fatehabad	B.T. Cotton(New Crop)	5560	5470	90
	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	5190	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	4800	4850	-50
	Hathras	Desi	5350	5200	150
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	NA	5809	-
	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	17-Sep-16	16-Sep-16	
Punjab	Bhatinda	J-34	4470	4485	-15
	Abohar	J-34	4500	4500	Unch
	Mansa	J-34	NA	NA	-

	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4450	4400	50
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	17-Sep-16	16-Sep-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	14	15	-1
	Rajkot	B.T. Cotton	500	600	-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	8000	5000	3000
	Bhiwani	Desi	700	500	200
	Adampur	B.T. Cotton	170	170	Unch
	Fatehabad	B.T. Cotton	225	200	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	NA	1500	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	450	700	-250
	Hathras	Desi	200	250	-50
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	7	NA	-

Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	17-Sep-16	16-Sep-16	
Punjab	Bhatinda	J-34	1190	1020	170
	Abohar	J-34	340	170	170
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	510	425	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
				16-Sep-16	14-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	43000	42700	300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	44200	43900	300
Shankar-6(105)	29mm	3.5 - 4.9	28	44900	44500	400
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	47300	47000	300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48200	47900	300
DCH-32(107)	34mm	3.0 - 3.8	33	55400	54900	300

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

Centre	Unit	Price		Change
		17-Sep-16	16-Sep-16	
Rajkot	Rs. /10 Kg.	690	690	Unch
New Delhi	Rs. /10 Kg.	660	660	Unch
Hyderabad	Rs. /10 Kg.	680	680	Unch
Mumbai	Rs. /10 Kg.	695	700	-5

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

Centre	Unit	Price		Change
		17-Sep-16	16-Sep-16	
Mahesana (Kadi)	Rs./Qtl	2556	2552	4
Akola	Rs./Qtl	2668	2667	1

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 16-September-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	76.70	0.10

USDA Cotton Spot Rates: As on 15-September-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	69.38	71.63	NIL
North Delta	67.88	70.63	NIL
South Delta	67.88	70.63	NIL
East TX-OK	66.75	68.75	126
West Texas	65.75	67.50	NIL
Desert SW	65.63	71.63	NIL
SJ Valley	66.88	76.78	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.): Ason16-September-2016					
Contract	Open	High	Low	Close	Change

Oct-16	68.49	68.50	67.61	67.74	-0.64
Dec-16	67.95	68.12	67.04	67.28	-0.44
Mar-17	68.17	68.25	67.33	67.61	-0.30
May-17	68.28	68.58	67.78	67.99	-0.32
Jul-17	68.73	68.73	67.97	68.19	-0.32
Oct-17	68.06	68.06	68.06	68.06	-0.35

Pakistan Cotton Spot rates: As on 15-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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