

Domestic Fundamentals:

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

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 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.

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 96.44 million bales, around 19 per cent below last season. World ending stocks are now projected lower at 98.55 million bales. For India, production is forecast at 26.4 million bales, below 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	+9.00	917	924.5	915	920.50	3911	182	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	317.50	-	-
May-17	-	-	-

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

*Updated at 5:10 pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-16	+270	20750	20840	20590	20770	2015	-384	1043944	249403
Nov-16	+200	19360	19440	19250	19350	419	-22	189424	5935

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Oct-16		1420		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

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

* Updated at 5:10 pm

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	19-Sep-16	17-Sep-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	6105	-
	Rajkot	B.T. Cotton	6310	6300	10
	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)	6200	6000	200
	Bhiwani	Desi	4500	4550	-50
	Adampur	B.T. Cotton	5700	5450	250
	Fatehabad	B.T. Cotton(New Crop)	5700	5560	140
	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	5275	5280	-5
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	4900	4800	100
	Hathras	Desi	5500	5350	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	6939	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	19-Sep-16	17-Sep-16	
Punjab	Bhatinda	J-34	4585	4470	115
	Abohar	J-34	4570	4500	70

	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4530	4450	80
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	19-Sep-16	17-Sep-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	NA	14	-
	Rajkot	B.T. Cotton	800	500	300
	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	4000	8000	-4000
	Bhiwani	Desi	200	700	-500
	Adampur	B.T. Cotton	255	170	85
	Fatehabad	B.T. Cotton	350	225	125
	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	2260	1280	980
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	500	450	50
	Hathras	Desi	150	200	-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	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	19-Sep-16	17-Sep-16	
Punjab	Bhatinda	J-34	2040	1190	850
	Abohar	J-34	510	340	170
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	850	510	340
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
				17-Sep-16	16-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	43200	43000	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	44400	44200	200
Shankar-6(105)	29mm	3.5 - 4.9	28	45200	44900	300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	47500	47300	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48400	48200	200
DCH-32(107)	34mm	3.0 - 3.8	33	55400	55400	Unch

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

Centre	Unit	Price		Change
		19-Sep-16	17-Sep-16	
Rajkot	Rs. /10 Kg.	695	690	5
New Delhi	Rs. /10 Kg.	660	660	Unch
Hyderabad	Rs. /10 Kg.	685	680	5
Mumbai	Rs. /10 Kg.	695	695	Unch

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

Centre	Unit	Price		Change
		19-Sep-16	17-Sep-16	
Mahesana (Kadi)	Rs./Qtl	2542	2556	-14
Akola	Rs./Qtl	2669	2668	1

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 19-September-2016		
Index	RMB/Ton	Change
CCIndex(328)	14155	13
CCIndex(527)	13513	25
CCIndex(229)	14382	9
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 19-September-2016		
Index	Cents/lb	Change
FC Index (S)	81.06	0.33
FC Index (M)	77.93	0.24
FC Index (L)	75.26	0.16

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

USDA Cotton Spot Rates: As on 16-September-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	68.74	70.99	NIL
North Delta	67.24	69.99	NIL
South Delta	67.24	69.99	NIL
East TX-OK	66.00	68.00	159
West Texas	65.00	66.75	NIL
Desert SW	64.99	70.99	NIL
SJ Valley	66.24	76.14	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 16-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 17-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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