

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed steady to firm tone on Tuesday.

In The News: Fresh spell of rains in different parts of Gujarat has helped kharif sowing in the state to near 100 per cent as on September 19, 2016. Saurashtra, south and Central Gujarat has received good rains during the last few days. Cotton recorded 24,04,900 hectares of sowing, which is 15 per cent lower than normal 28,21,000 hectares.

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.

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	-6.50	920.5	920.5	909	913.50	3746	-165	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	357.50	-	-
May-17	-	-	-

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

*Updated at 5:16 pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-16	-110	20890	20980	20650	20720	1403	612	704751	-339193
Nov-16	-130	19320	19390	19200	19250	703	-284	321906	132482

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Oct-16		1470		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

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

* Updated at 5:16 pm

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	20-Sep-16	19-Sep-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	6355	NA	-
	Rajkot	B.T. Cotton	6475	6310	165
	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)	6250	6200	50
	Bhiwani	Desi	4800	4500	300
	Adampur	B.T. Cotton	5860	5700	160
	Fatehabad	B.T. Cotton(New Crop)	5800	5700	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	5435	5275	160
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	4900	-
	Hathras	Desi	NR	5500	-
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	6259	6939	-680
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5165	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	20-Sep-16	19-Sep-16	
Punjab	Bhatinda	J-34	4650	4585	65
	Abohar	J-34	4650	4570	80

	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4600	4530	70
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	20-Sep-16	19-Sep-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	29	NA	-
	Rajkot	B.T. Cotton	2000	800	1200
	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	4000	Unch
	Bhiwani	Desi	1000	200	800
	Adampur	B.T. Cotton	510	255	255
	Fatehabad	B.T. Cotton	500	350	150
	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	2290	2260	30
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	500	-
	Hathras	Desi	NR	150	-
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	50	10	40
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	NA	7	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	20-Sep-16	19-Sep-16	
Punjab	Bhatinda	J-34	2210	2040	170
	Abohar	J-34	340	510	-170
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	850	850	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
				19-Sep-16	17-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	43200	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	44900	44400	500
Shankar-6(105)	29mm	3.5 - 4.9	28	46000	45200	800
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	48300	47500	800
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	49200	48400	800
DCH-32(107)	34mm	3.0 - 3.8	33	56000	55400	600

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

Centre	Unit	Price		Change
		20-Sep-16	19-Sep-16	
Rajkot	Rs. /10 Kg.	710	695	15
New Delhi	Rs. /10 Kg.	680	660	20
Hyderabad	Rs. /10 Kg.	690	685	5
Mumbai	Rs. /10 Kg.	705	695	10

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

Centre	Unit	Price		Change
		20-Sep-16	19-Sep-16	
Mahesana (Kadi)	Rs./Qtl	2550	2542	8
Akola	Rs./Qtl	2653	2669	-16

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 20-September-2016		
Index	RMB/Ton	Change
CCIndex(328)	14182	27
CCIndex(527)	13526	23
CCIndex(229)	14418	36
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 20-September-2016		
Index	Cents/lb	Change
FC Index (S)	81.97	0.91
FC Index (M)	79.14	1.21
FC Index (L)	76.66	1.40

Cotlook Index: As on 19-September-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	76.30	-0.40

USDA Cotton Spot Rates: As on 19-September-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	69.50	71.75	NIL
North Delta	68.00	70.75	NIL
South Delta	68.00	70.75	NIL
East TX-OK	66.00	68.00	407
West Texas	65.00	66.75	NIL
Desert SW	65.75	71.75	NIL
SJ Valley	67.00	76.90	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 19-September-2016

Contract	Open	High	Low	Close	Change
Oct-16	69.16	69.48	68.98	68.98	1.24
Dec-16	67.56	69.00	67.18	68.50	1.22
Mar-17	67.70	69.15	67.48	68.72	1.11
May-17	68.52	69.46	68.45	69.05	1.06
Jul-17	68.68	69.51	67.98	69.16	0.97
Oct-17	69.06	69.06	69.06	69.06	1.00

Pakistan Cotton Spot rates: As on 19-September-2016
(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5950	135	6085
Equivalent	40 Kgs	6377	145	6522

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