

## Domestic Fundamentals:

**Market Outlook:** Cotton spot prices noticed mixed tone on Wednesday.

**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 0.148 lakh bales of cotton last week (12 -18 September 2016), which was 0.156 lakh bales previous to last week (05 -11 September 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (12 -18 September, 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.120 lakh bales of cotton from India in the past week (12 -18 September, 2016). Other major importers were Vietnam, Thailand and Belgium and their imported volumes were 0.017 lakh bales, 0.006 lakh bales, 0.002 lakh bales and 0.002 lakh bales 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 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	+2.00	921	922	915	918.50	3789	43	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	361.50	-	-
May-17	-	-	-

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

\*Updated at 8:10 pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-16	+160	20870	20970	20770	20920	1477	-74	751129	46378
Nov-16	+160	19470	19610	19460	19550	974	-271	475131	153225

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

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

\* Updated at 8:10 pm

**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	21-Sep-16	20-Sep-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	6755	6355	400
	Rajkot	B.T. Cotton	6400	6475	-75
	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)	6150	6250	-100
	Bhiwani	Desi	4800	4800	Unch
	Adampur	B.T. Cotton	5780	5860	-80
	Fatehabad	B.T. Cotton(New Crop)	5800	5800	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	NA	5435	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	4550	NR	-
	Hathras	Desi	5450	NR	-
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	6295	6259	36
	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	21-Sep-16	20-Sep-16	
Punjab	Bhatinda	J-34	4610	4650	-40
	Abohar	J-34	4610	4650	-40

	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
<b>Haryana</b>	Sirsa	J-34	4570	4600	<b>-30</b>
<b>Rajasthan</b>	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	21-Sep-16	20-Sep-16	
<b>Gujarat</b>	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	45	29	<b>16</b>
	Rajkot	B.T. Cotton	2200	2000	<b>200</b>
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
<b>Punjab</b>	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
<b>Haryana</b>	Bhiwani	B.T. Cotton	4000	4000	<b>Unch</b>
	Bhiwani	Desi	300	1000	<b>-700</b>
	Adampur	B.T. Cotton	595	510	<b>85</b>
	Fatehabad	B.T. Cotton	650	500	<b>150</b>
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
<b>Rajasthan</b>	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
<b>Madhya Pradesh</b>	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	2290	-
<b>Maharashtra</b>	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	450	NR	-
	Hathras	Desi	150	NR	-
<b>Telangana</b>	Adilabad	Un-Ginned	NA	NA	-
<b>Andhra Pradesh</b>	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
<b>Karnataka</b>	Bijapur	Bunny	3	50	<b>-47</b>
	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	21-Sep-16	20-Sep-16	
Punjab	Bhatinda	J-34	2210	2210	Unch
	Abohar	J-34	340	340	Unch
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	1190	850	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
				20-Sep-16	19-Sep-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	30300	29800	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	30800	30300	Unch
J-34(202)	26mm	3.5 - 4.9	23	43400	43200	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	46400	44900	500
Shankar-6(105)	29mm	3.5 - 4.9	28	47000	46000	800
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	49300	48300	800
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	50000	49200	800
DCH-32(107)	34mm	3.0 - 3.8	33	57000	56000	600

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

Centre	Unit	Price		Change
		21-Sep-16	20-Sep-16	
Rajkot	Rs. /10 Kg.	705	710	-5
New Delhi	Rs. /10 Kg.	680	680	Unch
Hyderabad	Rs. /10 Kg.	690	690	Unch
Mumbai	Rs. /10 Kg.	715	705	10

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

Centre	Unit	Price		Change
		21-Sep-16	20-Sep-16	
Mahesana (Kadi)	Rs./Qtl	2549	2550	-1
Akola	Rs./Qtl	2644	2653	-9

**INTERNATIONAL PRICES AND INDICES**

<b>China Cotton Index: As on 21-September-2016</b>		
<b>Index</b>	<b>RMB/Ton</b>	<b>Change</b>
CCIndex(328)	14212	<b>30</b>
CCIndex(527)	13588	<b>52</b>
CCIndex(229)	14446	<b>28</b>
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<b>China Foreign Cotton (FCE) Index : As on 21-September-2016</b>		
<b>Index</b>	<b>Cents/lb</b>	<b>Change</b>
FC Index (S)	83.90	<b>1.93</b>
FC Index (M)	81.13	<b>1.99</b>
FC Index (L)	78.50	<b>1.84</b>

<b>Cotlook Index: As on 20-September-2016</b>		
<b>Cotlook Indices</b>	<b>Cents/Pound</b>	<b>Change</b>
A-Index	77.50	<b>1.20</b>

<b>USDA Cotton Spot Rates: As on 20-September-2016</b>			
<b>Growth Area</b>	<b>Leaf 4 to Staple 34</b>	<b>Leaf 3 to Staple 35</b>	<b>Arrivals</b>
	<b>cents/lb.</b>		<b>bales</b>
<b>Southeast</b>	71.80	74.05	<b>NIL</b>
<b>North Delta</b>	70.30	73.05	<b>NIL</b>
<b>South Delta</b>	70.30	73.05	<b>NIL</b>
<b>East TX-OK</b>	67.75	69.75	<b>1003</b>
<b>West Texas</b>	66.75	68.50	<b>3</b>
<b>Desert SW</b>	68.05	74.05	<b>NIL</b>
<b>SJ Valley</b>	69.30	79.20	<b>NIL</b>

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 20-September-2016**

Contract	Open	High	Low	Close	Change
<b>Oct-16</b>	68.49	70.82	68.49	70.82	<b>1.84</b>
<b>Dec-16</b>	68.21	70.90	67.83	70.80	<b>2.30</b>
<b>Mar-17</b>	68.55	70.90	68.24	70.83	<b>2.11</b>
<b>May-17</b>	69.01	71.06	69.01	71.06	<b>2.01</b>
<b>Jul-17</b>	69.10	71.02	69.10	71.02	<b>1.86</b>
<b>Oct-17</b>	70.75	70.75	70.75	70.75	<b>1.69</b>

**Pakistan Cotton Spot rates: As on 20-September-2016**
**(in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6000	135	6135
Equivalent	40 Kgs	6430	145	6575

**Disclaimer**

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2016 Indian Agribusiness Systems Pvt. Ltd.