

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed mixed tone on Friday.

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:

Cotton production is likely to double this year in Australia as rainfall is helping irrigators and dryland farmers to plant more cotton. According to industry sources, the country is likely to produce over four million bales of cotton in 2016 worth over \$2.2 billion.

Bangladesh cotton yarn imports increased by 25 per cent to 207,644 tonnes in the first seven months of 2016. Major portion of the yarn has been imported from India and some from Indonesia. According to the data of Bangladesh Textile Mills Association (BTMA), in 2015, a total of 295,330 tonnes of cotton yarn was imported, and 280,283 tonnes was imported in 2014.

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 weak in the near -term.

NCDEX Kapas Futures*: (Prices in Rs/20kg)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Con_1	-16.50	908	908	891	892.50	5813	2184	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	351.50	-	-
May-17	-	-	-

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

*Updated at 5:22 pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-16	-360	20680	20740	20450	20470	1871	-775	963401	389647
Nov-16	-280	19340	19420	19130	19220	1090	-542	524099	255861

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Oct-16		1250		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

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

* Updated at 5:22 pm

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	23-Sep-16	22-Sep-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	6505	6500	5
	Rajkot	B.T. Cotton	6400	6220	180
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	5210	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton(New Crop)	6000	6100	-100
	Bhiwani	Desi	4550	4700	-150
	Adampur	B.T. Cotton	5615	5750	-135
	Fatehabad	B.T. Cotton(New Crop)	5625	5750	-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	5810	5500	310
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	4800	4700	100
	Hathras	Desi	5300	5300	Unch
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	6229	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	23-Sep-16	22-Sep-16	
Punjab	Bhatinda	J-34	4530	4580	-50

	Abohar	J-34	4525	4580	-55
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4460	4550	-90
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	23-Sep-16	22-Sep-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	30	27	3
	Rajkot	B.T. Cotton	900	1200	-300
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	4	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5000	5000	Unch
	Bhiwani	Desi	200	800	-600
	Adampur	B.T. Cotton	680	NA	-
	Fatehabad	B.T. Cotton	1200	NA	-
	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	1290	1100	190
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	200	300	-100
	Hathras	Desi	125	125	Unch
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	23-Sep-16	22-Sep-16	
Punjab	Bhatinda	J-34	2550	2380	170
	Abohar	J-34	510	680	-170
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	1700	NA	-
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
				22-Sep-16	21-Sep-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	29300	30300	-1000
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	29800	30800	-1000
J-34(202)	26mm	3.5 - 4.9	23	42700	42900	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	47600	47100	500
Shankar-6(105)	29mm	3.5 - 4.9	28	48000	48000	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	50500	50300	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	51200	51000	200
DCH-32(107)	34mm	3.0 - 3.8	33	57000	57000	Unch

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

Centre	Unit	Price		Change
		23-Sep-16	22-Sep-16	
Rajkot	Rs. /10 Kg.	695	705	-10
New Delhi	Rs. /10 Kg.	670	675	-5
Hyderabad	Rs. /10 Kg.	680	690	-10
Mumbai	Rs. /10 Kg.	715	710	5

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

Centre	Unit	Price		Change
		23-Sep-16	22-Sep-16	
Mahesana (Kadi)	Rs./Qtl	2547	2551	-4
Akola	Rs./Qtl	2645	2641	4

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 23-September-2016		
Index	RMB/Ton	Change
CCIndex(328)	14323	88
CCIndex(527)	13626	23
CCIndex(229)	14562	85
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 23-September-2016		
Index	Cents/lb	Change
FC Index (S)	84.87	0.06
FC Index (M)	82.00	0.07
FC Index (L)	79.31	0.05

Cotlook Index: As on 22-September-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	80.60	0.90

USDA Cotton Spot Rates: As on 22-September-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	72.62	74.87	137
North Delta	71.12	73.87	NIL
South Delta	71.12	73.87	NIL
East TX-OK	69.00	71.00	2057
West Texas	67.75	69.50	NIL
Desert SW	68.87	74.87	NIL
SJ Valley	70.12	80.02	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 22-September-2016

Contract	Open	High	Low	Close	Change
Oct-16	72.10	72.18	71.05	71.17	-0.64
Dec-16	71.49	72.36	71.20	71.71	0.09
Mar-17	71.70	72.42	71.40	71.82	0.09
May-17	72.27	72.67	71.78	72.10	0.05
Jul-17	71.91	72.62	71.70	72.02	-0.05
Oct-17	71.67	71.67	71.67	71.67	-0.13

Pakistan Cotton Spot rates: As on 22-September-2016
(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6200	135	6335
Equivalent	40 Kgs	6645	145	6790

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