

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed range –bound to weak tone on Saturday.

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 23rd September, 2016 has been covered under 102.55 lakh hectares compared to 115.98 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	-	-	-	-	-	-	-	-	-
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	-	-	-
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	-	-	-	-	-	-	-	-	-
Nov-16	-	-	-	-	-	-	-	-	-

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Oct-16		-		-	-	-
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	24-Sep-16	23-Sep-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	6250	6505	-255
	Rajkot	B.T. Cotton	6300	6400	-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(New Crop)	5700	6000	-300
	Bhiwani	Desi	4500	4550	-50
	Adampur	B.T. Cotton	5400	5615	-215
	Fatehabad	B.T. Cotton(New Crop)	5400	5625	-225
	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	6211	5810	401
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	4700	4800	-100
	Hathras	Desi	5200	5300	-100
Telangana	Adilabad	Un-Ginned	4600	4650	-50
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	4150	-
Karnataka	Bijapur	Bunny	6179	6229	-50
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5500	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	24-Sep-16	23-Sep-16	
Punjab	Bhatinda	J-34	4380	4530	-150
	Abohar	J-34	4370	4525	-155

	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4350	4460	-110
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	24-Sep-16	23-Sep-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	121	30	91
	Rajkot	B.T. Cotton	620	900	-280
	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	3000	5000	-2000
	Bhiwani	Desi	200	200	Unch
	Adampur	B.T. Cotton	595	680	-85
	Fatehabad	B.T. Cotton	1200	1200	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	2230	1290	940
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	300	200	100
	Hathras	Desi	100	125	-25
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	10	Unch
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	NA	10	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	24-Sep-16	23-Sep-16	
Punjab	Bhatinda	J-34	3400	2550	850
	Abohar	J-34	680	510	170
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	1360	1700	-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
				23-Sep-16	22-Sep-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	29300	29300	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	29800	29800	Unch
J-34(202)	26mm	3.5 - 4.9	23	42200	42700	-500
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	47600	47600	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	48000	48000	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	50500	50500	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	52000	51200	800
DCH-32(107)	34mm	3.0 - 3.8	33	56500	57000	-500

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

Centre	Unit	Price		Change
		24-Sep-16	23-Sep-16	
Rajkot	Rs. /10 Kg.	695	695	Unch
New Delhi	Rs. /10 Kg.	670	670	Unch
Hyderabad	Rs. /10 Kg.	680	680	Unch
Mumbai	Rs. /10 Kg.	715	715	Unch

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

Centre	Unit	Price		Change
		24-Sep-16	23-Sep-16	
Mahesana (Kadi)	Rs./Qtl	2551	2547	4
Akola	Rs./Qtl	2650	2645	5

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 23-September-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	80.65	0.05

USDA Cotton Spot Rates: As on 23-September-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	71.07	73.32	NIL
North Delta	69.57	72.32	NIL
South Delta	69.57	72.32	NIL
East TX-OK	68.25	70.25	860
West Texas	67.00	68.75	493
Desert SW	67.32	73.32	NIL
SJ Valley	68.57	78.47	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 23-September-2016

Contract	Open	High	Low	Close	Change
Oct-16	70.71	70.71	68.19	69.08	-2.09
Dec-16	71.78	71.83	69.66	70.07	-1.64
Mar-17	71.90	71.99	69.89	70.43	-1.39
May-17	72.17	72.17	70.34	70.81	-1.29
Jul-17	72.00	72.00	70.51	70.85	-1.17
Oct-17	70.47	70.47	70.47	70.47	-1.20

Pakistan Cotton Spot rates: As on 23-September-2016
(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6250	135	6385
Equivalent	40 Kgs	6698	145	6843

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