

Domestic Fundamentals:

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

In The News: The Indian Cotton Federation (ICF) has urged the Centre to set up a Cotton Body nominating representatives from stake holders as directors on the board of Cotton Corporation Of India. Considering the fluctuation and volatility in the prices, particularly during the end season, due to artificial shortage, the Government should take steps to make obligatory the pressing figures by each and every ginning and pressing factory for reliable statistics.

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 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:

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	-2.00	892	895	885	889	3256	-2557	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	379	-	-
May-17	-	-	-

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

*Updated at 5:25 pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-16	30	20300	20380	20140	20260	1153	-57	579570	5816
Nov-16	150	19180	19310	19100	19240	744	-196	357319	89081

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Oct-16		1020		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

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

* Updated at 5:25 pm

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	26-Sep-16	24-Sep-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	6055	6250	-195
	Rajkot	B.T. Cotton	6340	6300	40
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5100	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)	5650	5700	-50
	Bhiwani	Desi	4500	4500	Unch
	Adampur	B.T. Cotton	5450	5400	50
	Fatehabad	B.T. Cotton(New Crop)	5470	5400	70
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	4350	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5975	6211	-236
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	4400	4700	-300
	Hathras	Desi	5200	5200	Unch
Telangana	Adilabad	Un-Ginned	4600	4600	Unch
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4150	NA	-
Karnataka	Bijapur	Bunny	6251	6179	72
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5239	5733	-494
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	26-Sep-16	24-Sep-16	
Punjab	Bhatinda	J-34	4365	4380	-15
	Abohar	J-34	4360	4370	-10

	Mansa	J-34	4360	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4325	4350	-25
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	26-Sep-16	24-Sep-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	54	121	-67
	Rajkot	B.T. Cotton	700	620	80
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	600	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	8000	3000	5000
	Bhiwani	Desi	400	200	200
	Adampur	B.T. Cotton	1020	595	425
	Fatehabad	B.T. Cotton	700	1200	-500
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	1000	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	3880	2230	1650
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	600	300	300
	Hathras	Desi	200	100	100
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	22	22	Unch
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	26-Sep-16	24-Sep-16	
Punjab	Bhatinda	J-34	4250	3400	850
	Abohar	J-34	850	680	170
	Mansa	J-34	850	NA	-
Haryana	Sirsa	J-34	1190	1360	-170
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
				24-Sep-16	23-Sep-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	28800	29300	-500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	29300	29800	-500
J-34(202)	26mm	3.5 - 4.9	23	41400	42200	-800
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	47100	47600	-500
Shankar-6(105)	29mm	3.5 - 4.9	28	47400	48000	-600
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	50000	50500	-500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	51500	52000	-500
DCH-32(107)	34mm	3.0 - 3.8	33	56000	56500	-500

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

Centre	Unit	Price		Change
		26-Sep-16	24-Sep-16	
Rajkot	Rs. /10 Kg.	695	695	Unch
New Delhi	Rs. /10 Kg.	655	670	-15
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
		26-Sep-16	24-Sep-16	
Mahesana (Kadi)	Rs./Qtl	2525	2551	-26
Akola	Rs./Qtl	2638	2650	-12

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 26-September-2016		
Index	RMB/Ton	Change
CCIndex(328)	14366	43
CCIndex(527)	13651	25
CCIndex(229)	14631	69
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 26-September-2016		
Index	Cents/lb	Change
FC Index (S)	83.59	-1.28
FC Index (M)	80.76	-1.24
FC Index (L)	78.14	-1.17

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 24-September-2016				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6150	135	6285
Equivalent	40 Kgs	6591	145	6736

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