

## Domestic Fundamentals:

**Market Outlook:** Cotton spot prices noticed range –bound to firm tone on Tuesday.

**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 23<sup>rd</sup> 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	+3.50	890.5	907.5	889	903	5001	-812	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	337	-	-
May-17	-	-	-

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

\*Updated at 5:46 pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-16	120	20300	20450	20250	20400	927	169	450830	-122924
Nov-16	70	19190	19340	19190	19250	378	170	182153	-86085

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Oct-16		1150		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

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

\* Updated at 5:46 pm

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

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	27-Sep-16	26-Sep-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	5750	6055	-305
	Rajkot	B.T. Cotton	6200	6340	-140
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5250	5100	150
	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	5650	50
	Bhiwani	Desi	4500	4500	Unch
	Adampur	B.T. Cotton	5525	5450	75
	Fatehabad	B.T. Cotton(New Crop)	5500	5470	30
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	5500	5300	200
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	5975	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	4250	4400	-150
	Hathras	Desi	5300	5200	100
Telangana	Adilabad	Un-Ginned	4650	4600	50
Andhra Pradesh	Guntur	Un-Ginned	5000	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4150	4150	Unch
Karnataka	Bijapur	Bunny	6540	6251	289
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5800	5239	561
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	27-Sep-16	26-Sep-16	
Punjab	Bhatinda	J-34	4455	4365	90
	Abohar	J-34	4470	4360	110

	Mansa	J-34	4350	4360	-10
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4400	4325	75
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	27-Sep-16	26-Sep-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	149	54	95
	Rajkot	B.T. Cotton	660	700	-40
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	500	600	-100
	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	6000	8000	-2000
	Bhiwani	Desi	500	400	100
	Adampur	B.T. Cotton	1020	1020	Unch
	Fatehabad	B.T. Cotton	1000	700	300
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	800	1000	-200
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	3880	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	600	600	Unch
	Hathras	Desi	200	200	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	40	10	30
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	15	22	-7
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	27-Sep-16	26-Sep-16	
Punjab	Bhatinda	J-34	3400	4250	-850
	Abohar	J-34	850	850	Unch
	Mansa	J-34	680	850	-170
Haryana	Sirsa	J-34	1190	1190	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
				26-Sep-16	24-Sep-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	28600	28800	-200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	29100	29300	-200
J-34(202)	26mm	3.5 - 4.9	23	41400	41400	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	46600	47100	-500
Shankar-6(105)	29mm	3.5 - 4.9	28	46700	47400	-700
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	49500	50000	-500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	51000	51500	-500
DCH-32(107)	34mm	3.0 - 3.8	33	55500	56000	-500

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

Centre	Unit	Price		Change
		27-Sep-16	26-Sep-16	
Rajkot	Rs. /10 Kg.	690	695	-5
New Delhi	Rs. /10 Kg.	660	655	5
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
		27-Sep-16	26-Sep-16	
Mahesana (Kadi)	Rs./Qtl	2494	2525	-31
Akola	Rs./Qtl	2636	2638	-2

### INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 27-September-2016		
Index	RMB/Ton	Change
CCIndex(328)	14427	61
CCIndex(527)	13692	41
CCIndex(229)	14689	58
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 27-September-2016		
Index	Cents/lb	Change
FC Index (S)	83.59	Unch
FC Index (M)	80.76	Unch
FC Index (L)	78.14	Unch

Cotlook Index: As on 26-September-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	79.20	-1.45

USDA Cotton Spot Rates: As on 26-September-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	71.08	73.33	NIL
North Delta	69.58	72.33	NIL
South Delta	69.58	72.33	NIL
East TX-OK	68.25	70.25	104
West Texas	67.00	68.75	440
Desert SW	67.33	73.33	NIL
SJ Valley	68.58	78.48	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 26-September-2016**

Contract	Open	High	Low	Close	Change
<b>Oct-16</b>	69.35	69.84	69.16	69.16	<b>0.08</b>
<b>Dec-16</b>	69.85	71.00	69.68	70.08	<b>0.01</b>
<b>Mar-17</b>	70.25	71.40	70.17	70.54	<b>0.11</b>
<b>May-17</b>	71.25	71.73	70.65	70.96	<b>0.15</b>
<b>Jul-17</b>	71.35	71.69	70.82	70.98	<b>0.13</b>
<b>Oct-17</b>	70.39	70.39	70.39	70.39	<b>-0.08</b>

**Pakistan Cotton Spot rates: As on 26-September-2016**
**(in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6050	135	6185
Equivalent	40 Kgs	6484	145	6629

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