

Domestic Fundamentals:

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

In The News: According to the Cotton Association Of India (CAI), cotton output for 2016 -17 has been estimated 336 lakh bales same as previous year's level as per estimates released for August. The projected balance sheet according to CAI, estimated total cotton supply for the cotton season 2016-17 at 398 lakh bales, while the domestic consumption is estimated at 309 lakh bales thus leaving an available surplus of 89 lakh bales.

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.

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.

India exported 0.190 lakh bales of cotton last week (19 -25 September 2016), which was 0.148 lakh bales previous to last week (12 -18 September 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (19 -25 September, 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.144 lakh bales of cotton from India in the past week (19 -25 September, 2016). Other major importers were Bahrain, Vietnam, Pakistan and Japan and their imported volumes were 0.016 lakh bales, 0.009 lakh bales, 0.006 lakh bales and 0.001 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.

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	-10.00	900	903.5	890.5	892.50	5448	447	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	348.50	-	-
May-17	-	-	-

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

*Updated at 7:32 pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-16	-440	20350	20390	19880	19970	1341	-414	665565	214735
Nov-16	-360	19210	19220	18810	18870	824	-446	391626	209473

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Oct-16		1100		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

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

* Updated at 7:32 pm

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	28-Sep-16	27-Sep-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	5500	5750	-250
	Rajkot	B.T. Cotton	6205	6200	5
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5500	5250	250
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4900	5230	-330
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton(New Crop)	5700	5700	Unch
	Bhiwani	Desi	4550	4500	50
	Adampur	B.T. Cotton	5570	5525	45
	Fatehabad	B.T. Cotton(New Crop)	5550	5500	50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	5500	5500	Unch
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	6255	NA	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	4200	4250	-50
	Hathras	Desi	4900	5300	-400
Telangana	Adilabad	Un-Ginned	4650	4650	Unch
Andhra Pradesh	Guntur	Un-Ginned	NA	5000	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4150	4150	Unch
Karnataka	Bijapur	Bunny	6549	6540	9
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5869	5800	69
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	28-Sep-16	27-Sep-16	
Punjab	Bhatinda	J-34	4460	4455	5
	Abohar	J-34	4450	4470	-20

	Mansa	J-34	4350	4350	Unch
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4400	4400	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	28-Sep-16	27-Sep-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	148	149	-1
	Rajkot	B.T. Cotton	610	660	-50
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	400	500	-100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5	5	Unch
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	10000	6000	4000
	Bhiwani	Desi	200	500	-300
	Adampur	B.T. Cotton	765	1020	-255
	Fatehabad	B.T. Cotton	750	1000	-250
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	900	800	100
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	3370	NA	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	1150	600	550
	Hathras	Desi	450	200	250
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	30	40	-10
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	7	15	-8
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	28-Sep-16	27-Sep-16	
Punjab	Bhatinda	J-34	4250	3400	850
	Abohar	J-34	850	850	Unch
	Mansa	J-34	850	680	170
Haryana	Sirsa	J-34	1700	1190	510
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
				27-Sep-16	26-Sep-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	29100	28600	500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	29600	29100	500
J-34(202)	26mm	3.5 - 4.9	23	42100	41400	700
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	46600	46600	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	46700	46700	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	49500	49500	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	51000	51000	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	55500	55500	Unch

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

Centre	Unit	Price		Change
		28-Sep-16	27-Sep-16	
Rajkot	Rs. /10 Kg.	685	690	-5
New Delhi	Rs. /10 Kg.	660	660	Unch
Hyderabad	Rs. /10 Kg.	680	680	Unch
Mumbai	Rs. /10 Kg.	710	715	-5

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

Centre	Unit	Price		Change
		28-Sep-16	27-Sep-16	
Mahesana (Kadi)	Rs./Qtl	2477	2494	-17
Akola	Rs./Qtl	2633	2636	-3

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 28-September-2016		
Index	RMB/Ton	Change
CCIndex(328)	14679	252
CCIndex(527)	13947	255
CCIndex(229)	14995	306
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 28-September-2016		
Index	Cents/lb	Change
FC Index (S)	83.21	-0.38
FC Index (M)	80.53	-0.23
FC Index (L)	77.91	-0.23

Cotlook Index: As on 27-September-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	79.20	Unch

USDA Cotton Spot Rates: As on 27-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 27-September-2016					
Contract	Open	High	Low	Close	Change
Oct-16	69.39	69.39	69.39	69.39	0.23
Dec-16	70.07	70.77	69.36	69.74	-0.34
Mar-17	70.53	71.15	69.84	70.24	-0.30
May-17	70.85	71.52	70.33	70.67	-0.29
Jul-17	70.87	71.52	70.39	70.72	-0.26
Oct-17	70.11	70.11	70.11	70.11	-0.28

Pakistan Cotton Spot rates: As on 27-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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