

Domestic Fundamentals:

Market Outlook: Cotton spot market noticed mixed tone on Thursday.

In The News: According to Cotton Corporation of India (CCI), although the cotton crop in Punjab has been hit badly by whitefly attack, the prices of cotton in the state are ruling well above the MSP. CCI said that it will only intervene in the matter if the prices fall below the MSP. However CCI is gearing up for the operation and likely to open around 20 centers in the state.

India has a great export potential in Vietnam for cotton, said the Vice Chairman, Vietnam Chamber of Commerce and Industry (VCCI) during Vietnam-India co-operation conference held in Ha Noi recently. He said the country need more than 500000 tons of cotton per year, and only 1 per cent of producers' demand is fulfilled by the country's output. India, on the other hand is the world major producer of cotton and second largest manufacturer of the fibers, which opens the doors of India to Vietnam for trade.

Due to the white fly attack, cotton crop in Punjab and Haryana is likely to fall by around 40% collectively this season, according to the market participants. Cotton output in Punjab would stand around 7 Lakh bales in the current season, against the output of 14 Lakh bales in previous season. Similarly in Haryana cotton production would be around 15 lakh bales in the current season as compared to the 25 Lakh Bales in previous season.

According to the October estimates of ICAC (International cotton advisory committee), cotton production in India is likely to be around 6.37 million ton (375 lakh bales of 170 kg each) in 2015-16, around 2.15% lower when compared to the estimates production of 6.51 million tons (383 lakh bales) in 2014-15.

Pointing towards the lower acreage under cotton this year, CCI's chairman, BK Mishra, said that the cotton production in 2015-16 would be nearly 5-10 lakh bales lower than the previous year's production. He believes that the cotton output in country would be around 370 lakh bales in the current season.

Cotton sowing area as on 01 October recorded at 116.4 lakh hectares throughout the country, according to the data released by the Ministry of Agriculture. The current acreage under cotton is around 8% lower when compared to the acreage at the same time last year and around 1.2% higher when compared to the normal area during the season. According to the first advance estimates by Ministry of Agriculture, the final acreage of cotton during 2015-16 would stand around 116.9 lakh hectares.

In anticipation of good crop this year too, Cotton Corporation of India (CCI) has started its preparation for the procurement under MSP operation. However the agency believe that, due to better prices of cotton prevailing in market, cotton procurement would remain weaker this year by around 30-40 lakh bales against the 87 lakh bales in 2014-15

Ministry of Agriculture has informed Prime Minister office that as Monsanto's patent on Cry 1 gene has expired in 2102 in USA, CICR (Central Institute of Cotton Research)can go ahead to develop the native variety of Bt cotton which can reduce the seed cost of cotton farmers. The domestically developed variety would be available at Rs 150 per kilogram as compared of Rs 2000 per kilogram per kilogram sold by Monsanto.

International Fundamentals:

According to the customs data reported by industry website, China imported 50,900 tons of cotton in September, around 58.6 percent lower as compared to previous year's import during the same period and lowest monthly import volume since at least 2005.

USDA has further slashed down the world cotton production estimates in its latest release. It believes that the global cotton output would be around 23.38 million tones in 2015-16, around 1.25% lower when compared to the previous estimates for the same season and around 10% lower when compared to the estimates for last year production of 25.89 million tones.

World cotton consumption estimates are revised downward in the latest estimates by USDA. According to USDA, world cotton consumption would be around 24.44 million tones in the current season i.e. 2015-16, around 1% lower when compared to the estimates of previous month and around 1.6% higher when compared to the estimates of previous season, which stood at 24.05 million tons.

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
Feb-16	2	876.5	878.5	878.5	878.5	1	-4	12	-2
Apr-16	-7	904.5	905	893	901	9213	-310	15179	1254
Spread	Feb-16			Apr-16					
Spot	45.5								
Feb-16				-22.5					

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

*Updated at 5:00 pm on 15 October 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-15	-20	16170	16260	16130	16220	405	-93	1278	-79
Nov-15	-50	16000	16000	15850	15980	808	-380	2048	126
Dec-15	-40	16030	16050	15890	16030	854	-172	5559	191
Jan-16	-30	16170	16210	16060	16210	146	-139	1244	49
Spread	Oct-15	Nov-15	Dec-15	Jan-16					
Spot	--								
Oct-15		240							
Nov-15			-50						
Dec-15				-180					
Jan-16									

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

*Updated at 5:00 pm on 15 October 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		15-Oct-15	14-Oct-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4900	4900	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4550	4600	-50
Rajkot	B.T. Cotton	4620	4745	-125
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	4740	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	Desi	NA	NA	-
Bhiwani	B.T. Cotton	4550	4600	-50
Adampur	B.T. Cotton	4540	4550	-10
Fatehabad	B.T. Cotton	4550	4550	Unch
Dabwali	B.T. Cotton	4500	4500	Unch
Jind	B.T. Cotton	4639	4625	14
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	4545	4530	15
Hubli	B.T. Cotton	NA	4350	-
Hathras	B.T. Cotton(US)	4200	4200	Unch
Hanumangarh	B.T. Cotton	4650	4600	50
	Kapas			
Ahmedabad	Shankar-6	4575	4625	-50
Gondal	Shankar-6	4630	4735	-105
	Kapas			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	4250	4250	Unch
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4290	4223	67
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	4050	NA	-
	Lint	Rs./Maund		
Abohar	J-34	3535	3540	-5
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3535	3550	-15
Sirsa	J-34	3435	3450	-15
Mansa	J-34	3520	3535	-15

Sri-Ganganagar	J-34	NA	NA	-
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Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		15-Oct-15	14-Oct-15	
Amravati	Mech-1	NA	NA	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	12500	12500	Unch
Rajkot	B.T. Cotton	2100	1225	875
Patan	B.T. Cotton	NA	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	449	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	Desi*	NA	NA	-
Bhiwani	B.T. Cotton	8000	13000	-5000
Adampur	B.T. Cotton	255	340	-85
Fatehabad	B.T. Cotton	800	900	-100
Dabwali	B.T. Cotton	825	550	275
Jind	B.T. Cotton	340	170	170
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	375	100	275
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	800	800	Unch
Hanumangarh	B.T. Cotton	1000	1000	Unch
Ahmedabad	Shankar-6	25500	17000	8500
Gondal	Shankar-6	2608	4500	-1892
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	1800	1800	Unch
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	375	465	-90
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	680	850	-170
Bhatinda	J-34	3060	4250	-1190
Sirsa	J-34	850	850	Unch
Mansa	J-34	255	425	-170
Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				14-Oct-15	13-Oct-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	30500	30300	200
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	31000	30800	200
J-34(202)	26mm	3.5 - 4.9	23	32300	32400	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31600	31600	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	32900	32800	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	32900	32900	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	33800	33800	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	45000	45000	Unch

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

Centre	Unit	Price		Change
		15-Oct-15	14-Oct-15	
Rajkot	Rs. /10 Kg.	620	640	-20
New Delhi	Rs. /10 Kg.	598	598	Unch
Hyderabad	Rs. /10 Kg.	625	630	-5
Mumbai	Rs. /10 Kg.	640	640	Unch

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

Centre	Unit	Price		Change
		15-Oct-15	14-Oct-15	
Mahesana (Kadi)	Rs./Qtl	2096	2104	-8
Akola	Rs./Qtl	1944	1946	-2

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 15/10/2015

Index	RMB/Ton	Change
CCIndex(328)	13075	6
CCIndex(527)	11963	-5
CCIndex(229)	13648	11

China Foreign Cotton (FC) Index : As on 15/10/2015

Index	Cents/lb	Change
FC Index (S)	76.10	Unch
FC Index (M)	71.26	Unch
FC Index (L)	69.81	Unch

Cotlook Index: As on 14/10/2015

Cotlook Indices	Cents/Pound	Change
A-Index	70.45	Unch

USDA Cotton Spot Rates: As on 14/10/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	67.01	63.76	399
North Delta	65.76	63.01	NIL
South Delta	65.76	63.01	NIL
East TX-OK	63.75	61.50	72
West Texas	62.75	60.50	2680
Desert SW	67.26	60.76	NIL
SJ Valley	71.66	61.76	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 14/10/2015

Contract	Open	High	Low	Close	Change
15-Dec	63.86	64.08	63.41	63.76	-0.10
16-Mar	63.70	63.90	63.16	63.64	-0.06
16-May	64.02	64.17	63.61	64.02	0.01
16-Jul	64.29	64.40	63.89	64.27	0.01
16-Oct	63.78	63.78	63.78	63.78	Unch
16-Dec	64.00	64.02	63.64	63.76	-0.05

Pakistan Cotton Spot rates: As on 14/10/2015 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5200	135	5335
Equivalent	40 Kgs	5573	145	5718

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