

Domestic Fundamentals:

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

In The News: Cotton Corporation of India (CCI) has started its procurement under MSP operation in Telangana. CCI procured around 20 bales of cotton in Warangal on Monday and it has begun buying in Adilabad too from Wednesday onwards. According to an agency official, CCI could open 10-12 more procurement centers in the states besides the existing ones.

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

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	0	878.5	878.5	878.5	878.5	1	0	12	0
Apr-16	-11.5	900	902.5	886	887.5	6631	-2582	15117	-62
Spread		Feb-16			Apr-16				
Spot		22.5							
Feb-16					-9				

(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 16 October 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-15	-30	16140	16170	16100	16100	288	-117	1174	-104
Nov-15	-50	15940	15960	15840	15850	484	-324	2122	74
Dec-15	-90	15980	16050	15890	15910	608	-246	5533	-26
Jan-16	-130	16120	16200	16050	16050	115	-31	1230	-14
Spread		Oct-15	Nov-15	Dec-15	Jan-16				--
Spot		--							
Oct-15			250						
Nov-15				-60					
Dec-15					-140				
Jan-16									

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

*Updated at 5:00 pm on 16 October 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		16-Oct-15	15-Oct-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4800	4900	-100
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4550	4550	Unch
Rajkot	B.T. Cotton	4505	4620	-115
Patan	B.T. Cotton	4570	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	4555	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	Desi	NA	NA	-
Bhiwani	B.T. Cotton	4600	4550	50
Adampur	B.T. Cotton	4550	4540	10
Fatehabad	B.T. Cotton	4560	4550	10
Dabwali	B.T. Cotton	4535	4500	35
Jind	B.T. Cotton	4673	4639	34
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	4530	4545	-15
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	4200	4200	Unch
Hanumangarh	B.T. Cotton	4650	4650	Unch
	Kapas			
Ahmedabad	Shankar-6	4500	4575	-75
Gondal	Shankar-6	4680	4630	50
	Kapas			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	4225	4250	-25
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	4290	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	4050	-
East Godavari	Un-Ginned	4050	4050	Unch
	Lint	Rs./Maund (of 37.32 Kg each)		
Abohar	J-34	3530	3535	-5
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3535	3535	Unch

Sirsa	J-34	3435	3435	Unch
Mansa	J-34	3525	3520	5
Sri-Ganganagar	J-34	4277	NA	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		16-Oct-15	15-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	2450	2100	350
Patan	B.T. Cotton	181	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	Desi	NA	NA	-
Bhiwani	B.T. Cotton	8000	8000	Unch
Adampur	B.T. Cotton	680	255	425
Fatehabad	B.T. Cotton	500	800	-300
Dabwali	B.T. Cotton	800	825	-25
Jind	B.T. Cotton	170	340	-170
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	250	375	-125
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	500	800	-300
Hanumangarh	B.T. Cotton	1000	1000	Unch
Ahmedabad	Shankar-6	25500	25500	Unch
Gondal	Shankar-6	3456	2608	848
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	2000	1800	200
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	375	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	850	680	170
Bhatinda	J-34	3400	3060	340

Sirsa	J-34	680	850	-170
Mansa	J-34	340	255	85
Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				15-Oct-15	14-Oct-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	30500	30500	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	31000	31000	Unch
J-34(202)	26mm	3.5 - 4.9	23	32400	32300	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	32900	Unch
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
		16-Oct-15	15-Oct-15	
Rajkot	Rs. /10 Kg.	640	620	20
New Delhi	Rs. /10 Kg.	625	615	10
Hyderabad	Rs. /10 Kg.	625	625	Unch
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
		16-Oct-15	15-Oct-15	
Mahesana (Kadi)	Rs./Qtl	2102	2096	6
Akola	Rs./Qtl	1947	1944	3

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 16/10/2015		
Index	RMB/Ton	Change
CCIndex(328)	13073	-2
CCIndex(527)	11962	-1
CCIndex(229)	13648	Unch

China Foreign Cotton (FC) Index : As on 16/10/2015

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 15/10/2015

Cotlook Indices	Cents/Pound	Change
A-Index	70.45	Unch

USDA Cotton Spot Rates: As on 15/10/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	63.44	66.69	89
North Delta	62.69	65.44	NIL
South Delta	62.69	65.44	NIL
East TX-OK	61.00	63.25	913
West Texas	60.00	62.25	1399
Desert SW	60.44	66.94	NIL
SJ Valley	61.44	71.34	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 15/10/2015

Contract	Open	High	Low	Close	Change
15-Dec	63.75	63.76	63.15	63.44	-0.32
16-Mar	63.65	63.65	62.98	63.31	-0.33
16-May	63.80	63.85	63.42	63.68	-0.34
16-Jul	64.00	64.07	63.69	63.97	-0.30
16-Oct	63.49	63.49	63.49	63.49	-0.29
16-Dec	63.43	63.50	63.28	63.42	-0.34

Pakistan Cotton Spot rates: As on 15/10/2015 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5250	135	5385
Equivalent	40 Kgs	5626	145	5771

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2015 Indian Agribusiness Systems Pvt. Ltd.