

Domestic Fundamentals:

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

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
		17-Oct-15	16-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	4450	4550	-100
Rajkot	B.T. Cotton	4575	4505	70
Patan	B.T. Cotton	NA	4570	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	4555	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	Desi	4750	NA	-
Bhiwani	B.T. Cotton	4610	4600	10
Adampur	B.T. Cotton	4590	4550	40
Fatehabad	B.T. Cotton	4650	4560	90
Dabwali	B.T. Cotton	4550	4535	15
Jind	B.T. Cotton	4744	4673	71
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	4530	4530	Unch
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	4400	4500	-100
Gondal	Shankar-6	NA	4680	-
	Kapas			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	4250	4225	25
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4200	4250	-50
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	4050	4050	Unch
	Lint	Rs./Maund (of 37.32 kg each)		
Abohar	J-34	3530	3530	Unch
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3535	3535	Unch

Sirsa	J-34	3440	3435	5
Mansa	J-34	3525	3525	Unch
Sri-Ganganagar	J-34	NA	4277	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		17-Oct-15	16-Oct-15	
Amravati	Mech-1	NA	NA	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	10000	12500	-2500
Rajkot	B.T. Cotton	3450	2450	1000
Patan	B.T. Cotton	NA	181	-
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	150	NA	-
Bhiwani	B.T. Cotton	5000	8000	-3000
Adampur	B.T. Cotton	680	680	Unch
Fatehabad	B.T. Cotton	500	500	Unch
Dabwali	B.T. Cotton	950	800	150
Jind	B.T. Cotton	289	170	119
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	200	250	-50
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	150	500	-350
Hanumangarh	B.T. Cotton	700	1000	-300
Ahmedabad	Shankar-6	25500	25500	Unch
Gondal	Shankar-6	NA	3456	-
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	500	2000	-1500
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	390	472	-82
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	850	Unch
Bhatinda	J-34	6800	3400	3400

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

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				16-Oct-15	15-Oct-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	30700	30500	200
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	31200	31000	200
J-34(202)	26mm	3.5 - 4.9	23	32400	32400	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31500	31600	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	32800	32900	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	32800	32900	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	33700	33800	-100
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
		17-Oct-15	16-Oct-15	
Rajkot	Rs. /10 Kg.	640	640	Unch
New Delhi	Rs. /10 Kg.	625	625	Unch
Hyderabad	Rs. /10 Kg.	620	625	-5
Mumbai	Rs. /10 Kg.	635	640	-5

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

Centre	Unit	Price		Change
		17-Oct-15	16-Oct-15	
Mahesana (Kadi)	Rs./Qtl	Closed	2102	-
Akola	Rs./Qtl	Closed	1947	-

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 17/10/2015

Index	RMB/Ton	Change
CCIndex(328)	13073	-2
CCIndex(527)	11962	-1
CCIndex(229)	13648	Unch

China Foreign Cotton (FC) Index : As on 17/10/2015

Index	Cents/lb	Change
FC Index (S)	75.89	-0.21
FC Index (M)	71.08	-0.18
FC Index (L)	69.61	-0.20

Cotlook Index: As on 16/10/2015

Cotlook Indices	Cents/Pound	Change
A-Index	70.20	-0.25

USDA Cotton Spot Rates: As on 16/10/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	64.10	67.35	1008
North Delta	63.10	65.85	NIL
South Delta	63.10	65.85	NIL
East TX-OK	61.50	63.75	225
West Texas	60.50	62.75	683
Desert SW	60.85	67.35	NIL
SJ Valley	61.85	71.75	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 16/10/2015

Contract	Open	High	Low	Close	Change
15-Dec	63.55	63.95	62.87	63.85	0.41
16-Mar	63.41	63.77	62.67	63.70	0.39
16-May	63.38	64.05	63.05	64.04	0.36
16-Jul	63.68	64.30	63.67	64.30	0
16-Oct	63.83	63.83	63.83	63.83	0.34
16-Dec	63.35	63.76	63.35	63.76	0.34

Pakistan Cotton Spot rates: As on 16/10/2015 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5300	135	5435
Equivalent	40 Kgs	5680	145	5825

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