

Domestic Fundamentals:

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

In The News: The SIMA (Southern India Mills' Association) has blamed CCI (Cotton Corporation of India) for quoting the higher cotton price as compared to the actual market prices. SIMA also said that the CCI does not releases the cotton stocks on time which make the textile bodies deprived of quality cotton.

Mahyco Monsanto Biotech (India) Pvt. Ltd (MMB) has moved to court against the eight seed companies who are unable to pay \$65 million as due royalties for using its technical knowhow in producing the Bt Cotton seed, a variety which is resistant to bollworms. Seed companies, being unable to pay the royalties, are blaming government which had imposed price control on BT cotton seed by cutting 11% of the prices in Maharashtra.

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.

International Fundamentals:

Pakistan has announced the imposition 10 percent regulatory duty on import of cotton yarn and grey and processed fabric with effective from November 01.

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.

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	--	--	--	--	--	--	--	--	--
Apr-16	7.5	885	898.5	881.5	896.5	7859	1228	15763	646
Spread	Feb-16		Apr-16						
Spot	--								
Feb-16			33.5						

(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 19 October 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-15	0	15810	16190	15810	16110	294	6	1099	-75
Nov-15	0	15880	15940	15790	15840	597	113	2217	95
Dec-15	0	15920	16030	15860	15940	751	143	5543	10
Jan-16	40	16080	16170	16020	16110	91	-24	1248	18
Spread	Oct-15	Nov-15	Dec-15	Jan-16					
Spot	--								
Oct-15		270							
Nov-15			-100						
Dec-15				-170					
Jan-16									

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

*Updated at 5:00 pm on 19 October 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		19-Oct-15	17-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	4600	4450	150
Rajkot	B.T. Cotton	4645	4575	70
Patan	B.T. Cotton	4550	NA	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	4510	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	Desi*	4750	4750	Unch
Bhiwani	B.T. Cotton	4650	4610	40
Adampur	B.T. Cotton	4600	4590	10
Fatehabad	B.T. Cotton	4650	4650	Unch
Dabwali	B.T. Cotton	4585	4550	35
Jind	B.T. Cotton	4749	4744	5
Uchana (Jind)	B.T. Cotton	4660	4660	Unch
Rawatsar (Hanumangarh)	B.T. Cotton	4500	4530	-30
Hubli	B.T. Cotton	NA	4410	-
Hathras	B.T. Cotton(US)	NA	4200	-
Hanumangarh	B.T. Cotton	4550	4650	-100
	Kapas			
Ahmedabad	Shankar-6	4500	4400	100
Gondal	Shankar-6	4605	NA	-
	Kapas			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	4250	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	4200	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	4050	-
	Lint	Rs./Maund (of 37.32 kg each)		
Abohar	J-34	3535	3530	5
Muktsar	J-34	3540	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3535	3535	Unch

Sirsa	J-34	3450	3440	10
Mansa	J-34	NA	3525	-
Sri-Ganganagar	J-34	4230	NA	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		19-Oct-15	17-Oct-15	
Amravati	Mech-1	NA	NA	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	15000	10000	5000
Rajkot	B.T. Cotton	4700	3450	1250
Patan	B.T. Cotton	1610	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*	150	150	Unch
Bhiwani	B.T. Cotton	7000	5000	2000
Adampur	B.T. Cotton	680	680	Unch
Fatehabad	B.T. Cotton	500	500	Unch
Dabwali	B.T. Cotton	1100	950	150
Jind	B.T. Cotton	425	289	136
Uchana (Jind)	B.T. Cotton	1300	1290	10
Rawatsar (Hanumangarh)	B.T. Cotton	200	200	Unch
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	150	-
Hanumangarh	B.T. Cotton	2500	700	1800
Ahmedabad	Shankar-6	28900	25500	3400
Gondal	Shankar-6	4521	NA	-
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	500	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	390	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	1020	850	170

Bhatinda	J-34	5950	6800	-850
Sirsa	J-34	765	850	-85
Mansa	J-34	NA	170	-
Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				17-Oct-15	16-Oct-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	30500	30700	-200
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	31000	31200	-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	31500	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	32800	32800	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	32800	32800	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	33700	33700	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
		19-Oct-15	17-Oct-15	
Rajkot	Rs. /10 Kg.	630	640	-10
New Delhi	Rs. /10 Kg.	625	625	Unch
Hyderabad	Rs. /10 Kg.	620	620	Unch
Mumbai	Rs. /10 Kg.	630	635	-5

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

Centre	Unit	Price		Change
		19-Oct-15	17-Oct-15	
Mahesana (Kadi)	Rs./Qtl	2083	Closed	-
Akola	Rs./Qtl	1940	Closed	-

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 19/10/2015		
Index	RMB/Ton	Change
CCIndex(328)	13076	3
CCIndex(527)	11957	-5
CCIndex(229)	13650	2

China Foreign Cotton (FC) Index : As on 19/10/2015

Index	Cents/lb	Change
FC Index (S)	76.28	0.39
FC Index (M)	71.46	0.38
FC Index (L)	69.95	0.34

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 17/10/2015 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5400	135	5535
Equivalent	40 Kgs	5787	145	5932

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