

Domestic Fundamentals:

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

In The News: According to the industry officials, the Government has to buy more cotton this year from farmers under MSP operation as compared to the previous year as China, the leading importer of cotton has cut down its cotton import drastically. During the previous season too, government procured the record volume of around 87 lakh bales valuing rupee 160 billion as compared to the 4 lakh bales previous to previous year. The swelling stocks of cotton which is making the availability to lead would affect the prices negatively in domestic market.

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 release 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.

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 needs more than 500,000 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	-8.5	878.5	871	870	870	7	6	10	-2
Apr-16	-0.5	894	904	893.5	898.5	4839	-3020	15699	-64
Spread	Feb-16		Apr-16						
Spot	44								
Feb-16			-28.5						

(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 20 October 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-15	-50	16180	16200	16100	16150	235	-59	1104	5
Nov-15	50	15920	15990	15890	15960	407	-190	2296	79
Dec-15	40	15980	16090	15980	16050	382	-369	5728	185
Jan-16	20	16170	16210	16120	16190	63	-28	1291	43
Spread	Oct-15	Nov-15	Dec-15	Jan-16					
Spot	--								
Oct-15		190							
Nov-15			-90						
Dec-15				-140					
Jan-16									

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

*Updated at 5:00 pm on 20 October 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		20-Oct-15	19-Oct-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4800	4800	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4600	4600	Unch
Rajkot	B.T. Cotton	4570	4645	-75
Patan	B.T. Cotton	NA	4550	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	4605	4510	95
Muktsar	B.T. Cotton	4600	4600	Unch
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	Desi	4750	4750	Unch
Bhiwani	B.T. Cotton	4700	4650	50
Adampur	B.T. Cotton	4615	4600	15
Fatehabad	B.T. Cotton	4660	4650	10
Dabwali	B.T. Cotton	4570	4585	-15
Jind	B.T. Cotton	4760	4749	11
Uchana (Jind)	B.T. Cotton	NA	4660	-
Rawatsar (Hanumangarh)	B.T. Cotton	4500	4500	Unch
Hubli	B.T. Cotton	NA	4410	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	4600	4550	50
	Kapas			
Ahmedabad	Shankar-6	4500	4500	Unch
Gondal	Shankar-6	4680	4605	75
	Kapas			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4250	4280	-30
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	3550	3535	15
Muktsar	J-34	3550	3540	10
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3540	3535	5
Sirsa	J-34	3460	3450	10
Mansa	J-34	NA	NA	-

Sri-Ganganagar	J-34	4277	4230	47
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Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		20-Oct-15	19-Oct-15	
Amravati	Mech-1	NA	NA	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	15000	15000	Unch
Rajkot	B.T. Cotton	5050	4700	350
Patan	B.T. Cotton	NA	1610	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	1155	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	Desi	150	150	Unch
Bhiwani	B.T. Cotton	6000	7000	-1000
Adampur	B.T. Cotton	680	680	Unch
Fatehabad	B.T. Cotton	700	500	200
Dabwali	B.T. Cotton	1000	1100	-100
Jind	B.T. Cotton	425	425	Unch
Uchana (Jind)	B.T. Cotton	NA	1300	-
Rawatsar (Hanumangarh)	B.T. Cotton	300	200	100
Hubli	B.T. Cotton	NA	12	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	3000	2500	500
Ahmedabad	Shankar-6	28900	28900	Unch
Gondal	Shankar-6	4505	4521	-16
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	450	525	-75
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	1020	-170
Bhatinda	J-34	10200	5950	4250
Sirsa	J-34	850	765	85
Mansa	J-34	NA	NA	-
Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				19-Oct-15	17-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	32600	32400	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31300	31500	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	32600	32800	-200
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
		20-Oct-15	19-Oct-15	
Rajkot	Rs. /10 Kg.	630	630	Unch
New Delhi	Rs. /10 Kg.	625	625	Unch
Hyderabad	Rs. /10 Kg.	620	620	Unch
Mumbai	Rs. /10 Kg.	630	630	Unch

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

Centre	Unit	Price		Change
		20-Oct-15	19-Oct-15	
Mahesana (Kadi)	Rs./Qtl	2081	2083	-2
Akola	Rs./Qtl	1943	1940	3

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 20/10/2015		
Index	RMB/Ton	Change
CCIndex(328)	13061	-15
CCIndex(527)	11932	-25
CCIndex(229)	13650	Unch

China Foreign Cotton (FC) Index : As on 20/10/2015

Index	Cents/lb	Change
FC Index (S)	75.91	-0.37
FC Index (M)	71.09	-0.37
FC Index (L)	69.55	-0.40

Cotlook Index: As on 19/10/2015

Cotlook Indices	Cents/Pound	Change
A-Index	70.60	0.40

USDA Cotton Spot Rates: As on 19/10/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	63.49	66.74	NIL
North Delta	62.49	65.24	NIL
South Delta	62.49	65.24	NIL
East TX-OK	61.00	63.25	15
West Texas	60.00	62.25	93
Desert SW	60.24	66.74	NIL
SJ Valley	61.24	71.14	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 19/10/2015

Contract	Open	High	Low	Close	Change
15-Dec	63.95	64.07	62.96	63.24	-0.61
16-Mar	63.65	63.89	62.85	63.12	-0.58
16-May	64.05	64.26	63.24	63.49	-0.55
16-Jul	64.30	64.53	63.55	63.85	-0.45
16-Oct	63.40	63.40	63.40	63.40	-0.43
16-Dec	63.75	64.04	63.19	63.37	-0.39

Pakistan Cotton Spot rates: As on 19/10/2015 (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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