

Domestic Fundamentals:

Market Outlook: Cotton spot market noticed mostly firm tone on Friday.

In The News: Cotton consumption in India is likely to be around 5.6 million ton (approx. 330 lakh bales) in 2015-16, according to International Cotton Advisory Committee (ICAC), around 3.13% higher when compared to the previous year's consumption of 5.43 million tons (approx. 320 lakh bales).

According to India Ratings & Research (Ind-Ra), the duty free trade agreement between 12 nation i.e. Trans-Pacific-Partnership (TPP) could affect the Indian textile exports negatively as these twelve member nations make the 40 percent of the world trade and the partnership gives them the free access to each other countries and making imports from other countries unviable.

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.

International Fundamentals:

According to latest release of International Cotton Advisory Committee (ICAC), cotton imports to China is likely to be around 1.59 million tons in 2015-16, around 11.6% lower as compared to the imports of 1.8 million tons during 2014-15.

China Cotton Index (3128B) remained 93.3 cents per pound as on 20 October 2015, said ICAC, around 0.60 cents lower when compared to the previous week. Last year the same was 109.1 cents and 145.4 cents two years ago. The season high of CCI is 96.3 cents and season low is 92.7 cents per pound so far.

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.

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	13	894	894	869	883	39	32	28	22
Apr-16	-4	894	895	888	892	3757	-2117	15042	-150
Spread	Feb-16		Apr-16						
Spot	47								
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 23 October 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-15	-70	16050	16100	16020	16040	357	689	153	1011
Nov-15	-70	15940	15980	15870	15920	362	2266	472	2224
Dec-15	-70	16000	16050	15950	16000	992	5885	794	5822
Jan-16	-60	16130	16180	16100	16140	212	1485	322	1459
Spread	Oct-15	Nov-15	Dec-15	Jan-16					
Spot	--								
Oct-15		120							
Nov-15			-80						
Dec-15				-140					
Jan-16									

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

*Updated at 5:00 pm on 23 October 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		23-Oct-15	21-Oct-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4900	4800	100
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4650	4600	50
Rajkot	B.T. Cotton	4650	4615	35
Patan	B.T. Cotton	4675	4670	5
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	4665	-
Muktsar	B.T. Cotton	4700	4600	100
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	Desi	4750	4700	50
Bhiwani	B.T. Cotton	4700	4700	Unch
Adampur	B.T. Cotton	4680	4665	15
Fatehabad	B.T. Cotton	4750	4650	100
Dabwali	B.T. Cotton	NA	4590	-
Jind	B.T. Cotton	4848	4749	99
Uchana (Jind)	B.T. Cotton	NA	4590	-
Rawatsar (Hanumangarh)	B.T. Cotton	4550	4500	50
Hubli	B.T. Cotton	4460	NA	-
Hathras	B.T. Cotton(US)	4200	4200	Unch
Hanumangarh	B.T. Cotton	4660	4600	60
	Kapas			
Ahmedabad	Shankar-6	4500	4500	Unch
Gondal	Shankar-6	4605	4705	-100
	Kapas			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	4300	4250	50
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	5308	NA	-
Raichur	H-44 Cotton	4250	4250	Unch
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	3540	3540	Unch
Muktsar	J-34	3540	3540	Unch
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3540	3540	Unch
Sirsa	J-34	3485	3465	20
Mansa	J-34	NA	NA	-

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

Centre	Variety	Arrivals (Qtl)		Change
		23-Oct-15	21-Oct-15	
Amravati	Mech-1	NA	NA	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	28000	27500	500
Rajkot	B.T. Cotton	6400	5000	1400
Patan	B.T. Cotton	2385	1638	747
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	1003	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	85	85	Unch
Bhiwani	Desi	200	200	Unch
Bhiwani	B.T. Cotton	6000	8000	-2000
Adampur	B.T. Cotton	680	510	170
Fatehabad	B.T. Cotton	400	500	-100
Dabwali	B.T. Cotton	NA	800	-
Jind	B.T. Cotton	298	595	-297
Uchana (Jind)	B.T. Cotton	NA	1500	-
Rawatsar (Hanumangarh)	B.T. Cotton	200	100	100
Hubli	B.T. Cotton	82	NA	-
Hathras	B.T. Cotton(US)	450	150	300
Hanumangarh	B.T. Cotton	1200	2500	-1300
Ahmedabad	Shankar-6	28900	28900	Unch
Gondal	Shankar-6	4981	2874	2107
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	1300	500	800
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	4	NA	-
Raichur	H-44 Cotton	270	270	Unch
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	2550	850
Sirsa	J-34	680	680	Unch
Mansa	J-34	NA	NA	-
Sri-Ganganagar	J-34	170	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				21-Oct-15	20-Oct-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	30700	30700	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	31200	31200	Unch
J-34(202)	26mm	3.5 - 4.9	23	32600	32600	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31100	31300	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	32400	32600	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	32700	32800	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	33600	33700	-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
		23-Oct-15	21-Oct-15	
Rajkot	Rs. /10 Kg.	630	638	-8
New Delhi	Rs. /10 Kg.	620	625	-5
Hyderabad	Rs. /10 Kg.	611	620	-9
Mumbai	Rs. /10 Kg.	632	630	2

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

Centre	Unit	Price		Change
		23-Oct-15	21-Oct-15	
Mahesana (Kadi)	Rs./Qtl	2073	2087	-14
Akola	Rs./Qtl	1926	1941	-15

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 23/10/2015		
Index	RMB/Ton	Change
CCIndex(328)	13006	-21
CCIndex(527)	11897	-19
CCIndex(229)	13620	-16

China Foreign Cotton (FC) Index : As on 23/10/2015

Index	Cents/lb	Change
FC Index (S)	76.32	0.41
FC Index (M)	71.51	0.42
FC Index (L)	70.03	0.48

Cotlook Index: As on 22/10/2015

Cotlook Indices	Cents/Pound	Change
A-Index	70.85	0.40

USDA Cotton Spot Rates: As on 22/10/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.77	66.02	367
North Delta	61.77	64.52	NIL
South Delta	61.77	64.52	560
East TX-OK	60.25	62.50	326
West Texas	59.25	61.50	2875
Desert SW	59.52	66.02	NIL
SJ Valley	60.52	70.42	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 22/10/2015

Contract	Open	High	Low	Close	Change
15-Dec	64.23	64.69	62.37	62.52	-1.71
16-Mar	64.10	64.50	62.20	62.37	-1.68
16-May	64.60	64.79	62.66	62.85	-1.57
16-Jul	64.85	64.99	63.03	63.21	-1.47
16-Oct	63.07	63.07	63.07	63.07	-1.18
16-Dec	64.25	64.25	62.99	63.10	-1.00

Pakistan Cotton Spot rates: As on 22/10/2015 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5350	135	5485
Equivalent	40 Kgs	5734	145	5879

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