

Domestic Fundamentals:

Market Outlook: Cotton spot market noticed mostly weak tone on Saturday.

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
		24-Oct-15	23-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	4600	4650	-50
Rajkot	B.T. Cotton	4580	4650	-70
Patan	B.T. Cotton	4680	4675	5
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	4700	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	Desi*	NA	4750	
Bhiwani	B.T. Cotton	NA	4700	-
Adampur	B.T. Cotton	NA	4680	-
Fatehabad	B.T. Cotton	NA	4750	-
Dabwali	B.T. Cotton	NA	NA	-
Jind	B.T. Cotton	NA	4848	-
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	4550	4550	Unch
Hubli	B.T. Cotton	NA	4460	-
Hathras	B.T. Cotton(US)	4300	4200	100
Hanumangarh	B.T. Cotton	4600	4660	-60
	Kapas			
Ahmedabad	Shankar-6	Closed	4500	-
Gondal	Shankar-6	Closed	4605	-
	Kapas			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	4300	4300	Unch
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	5308	-
Raichur	H-44 Cotton	NA	4250	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3550	3540	10
Muktsar	J-34	3550	3540	10
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3570	3540	30
Sirsa	J-34	NA	3485	-

Mansa	J-34*	NA	NA	-
Sri-Ganganagar	J-34	4230	4277	-47

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		24-Oct-15	23-Oct-15	
Amravati	Mech-1	NA	NA	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	50000	28000	22000
Rajkot	B.T. Cotton	4150	6400	-2250
Patan	B.T. Cotton	3355	2385	970
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	85	-
Bhiwani	Desi*	NA	200	
Bhiwani	B.T. Cotton	NA	6000	-
Adampur	B.T. Cotton	NA	680	-
Fatehabad	B.T. Cotton	NA	400	-
Dabwali	B.T. Cotton	NA	NA	-
Jind	B.T. Cotton	NA	298	-
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	200	200	Unch
Hubli	B.T. Cotton	NA	82	-
Hathras	B.T. Cotton(US)	800	450	350
Hanumangarh	B.T. Cotton	2000	1200	800
Ahmedabad	Shankar-6	Closed	28900	-
Gondal	Shankar-6	Closed	4981	-
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	1300	1300	Unch
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	4	-
Raichur	H-44 Cotton	NA	270	-
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	2040	3400	-1360
Sirsa	J-34	NA	680	-

Mansa	J-34	NA	NA	-
Sri-Ganganagar	J-34	340	170	170

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				23-Oct-15	21-Oct-15	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	30900	30700	200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	31400	31200	200
J-34(202)	26mm	3.5 - 4.9	23	32800	32600	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31300	31100	200
Shankar-6(105)	29mm	3.5 - 4.9	28	32600	32400	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	32800	32700	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	33700	33600	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
		24-Oct-15	23-Oct-15	
Rajkot	Rs. /10 Kg.	635	630	5
New Delhi	Rs. /10 Kg.	620	620	Unch
Hyderabad	Rs. /10 Kg.	611	611	Unch
Mumbai	Rs. /10 Kg.	630	632	-2

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

Centre	Unit	Price		Change
		24-Oct-15	23-Oct-15	
Mahesana (Kadi)	Rs./Qtl	Closed	2073	-
Akola	Rs./Qtl	Closed	1926	-

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 24/10/2015		
Index	Cents/lb	Change
FC Index (S)	75.21	-1.46
FC Index (M)	70.60	-1.39
FC Index (L)	68.36	-1.82

Cotlook Index: As on 23/10/2015		
Cotlook Indices	Cents/Pound	Change
A-Index	69.10	-1.75

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 23/10/2015

Contract	Open	High	Low	Close	Change
15-Dec	62.75	63.07	62.42	62.76	0.24
16-Mar	62.45	62.84	62.23	62.60	0.23
16-May	63.28	63.28	62.74	63.11	0.26
16-Jul	63.38	63.50	63.11	63.43	0.22
16-Oct	63.28	63.28	63.28	63.28	0.21
16-Dec	63.13	63.27	62.95	63.27	0.17

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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