

Domestic Fundamentals:

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

In The News: In Haryana, cotton ginners have gone on indefinite strike and not buying cotton from mandis due to the gap in the tax refund. According to the president of the Haryana Cotton Ginners Association, only 2.2 per cent is being refunded to the ginner from the 4.2 percent of value added tax paid on raw cotton, forfeiting the payment of two percent. As the ginners are not buying cotton, the price of the commodity could go down remarkably in the state.

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.

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	-7	882.5	882.5	851.5	875	3	-36	31	3
Apr-16	-12.5	889	894	876.5	877.5	5731	1974	15763	721
Spread	Feb-16		Apr-16						
Spot	45								
Feb-16			-2.5						

(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 24 October 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-15	-60	16050	16110	15940	15980	289	-68	474	-215
Nov-15	-160	15860	15910	15660	15700	673	311	2256	-10
Dec-15	-160	15940	16000	15730	15790	858	-134	5750	-135
Jan-16	-130	16070	16120	15880	15940	156	-56	1506	21
Spread	Oct-15	Nov-15	Dec-15	Jan-16					
Spot	--								
Oct-15		280							
Nov-15			-90						
Dec-15				-150					
Jan-16									

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

*Updated at 5:00 pm on 24 October 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		26-Oct-15	24-Oct-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4600	4900	-300
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4575	4600	-25
Rajkot	B.T. Cotton	4600	4580	20
Patan	B.T. Cotton	4635	4680	-45
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	4700	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	Desi	4770	NA	-
Bhiwani	B.T. Cotton	4770	NA	-
Adampur	B.T. Cotton	NA	NA	-
Fatehabad	B.T. Cotton	NA	NA	-
Dabwali	B.T. Cotton	NA	NA	-
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	4625	4550	75
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton	NA	4300	-
Hanumangarh	B.T. Cotton	4650	4600	50
Sri-Ganganagar	B.T. Cotton	4500	4500	Unch
	Kapas			
Ahmedabad	Shankar-6	4450	Closed	-
Gondal	Shankar-6	4480	Closed	-
	Kapas			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	4300	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4375	NA	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	4050	NA	-
East Godavari	Un-Ginned	4050	NA	-
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	3570	3550	20
Muktsar	J-34	3570	3550	20
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3570	3570	Unch
Sirsa	J-34	3515	NA	-

Mansa	J-34	3570	NA	-
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Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		26-Oct-15	24-Oct-15	
Amravati	Mech-1	NA	NA	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	50000	50000	Unch
Rajkot	B.T. Cotton	6050	4150	1900
Patan	B.T. Cotton	9280	3355	5925
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	NA	NA	-
Bhiwani	B.T. Cotton	NA	NA	-
Adampur	B.T. Cotton	NA	NA	-
Fatehabad	B.T. Cotton	NA	NA	-
Dabwali	B.T. Cotton	NA	NA	-
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	NA	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	250	200	50
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	800	-
Hanumangarh	B.T. Cotton	2000	2000	Unch
Sri-Ganganagar	B.T. Cotton	250	200	50
Ahmedabad	Shankar-6	34000	Closed	-
Gondal	Shankar-6	5898	Closed	-
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	1300	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	540	NA	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	680	850	-170
Bhatinda	J-34	5100	2040	3060
Sirsa	J-34	510	NA	-
Mansa	J-34	510	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				24-Oct-15	23-Oct-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	30900	30900	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	31400	31400	Unch
J-34(202)	26mm	3.5 - 4.9	23	32900	32800	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31300	31300	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	32600	32600	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
		26-Oct-15	24-Oct-15	
Rajkot	Rs. /10 Kg.	625	635	-10
New Delhi	Rs. /10 Kg.	600	620	-20
Hyderabad	Rs. /10 Kg.	605	611	-6
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
		26-Oct-15	24-Oct-15	
Mahesana (Kadi)	Rs./Qtl	2238	Closed	-
Akola	Rs./Qtl	1923	Closed	-

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 26/10/2015		
Index	RMB/Ton	Change
CCIndex(328)	12998	-8
CCIndex(527)	11895	-2
CCIndex(229)	13619	-1

China Foreign Cotton (FC) Index : As on 26/10/2015

Index	Cents/lb	Change
FC Index (S)	75.36	0.15
FC Index (M)	70.79	0.19
FC Index (L)	68.68	0.32

Cotlook Index: As on 23/10/2015

Cotlook Indices	Cents/Pound	Change
A-Index	69.10	-1.75

USDA Cotton Spot Rates: As on 23/10/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	63.01	66.26	NIL
North Delta	62.01	64.76	NIL
South Delta	62.01	64.76	NIL
East TX-OK	60.25	62.50	979
West Texas	59.25	61.50	350
Desert SW	59.76	66.26	NIL
SJ Valley	60.76	70.66	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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