

Domestic Fundamentals:

Market Outlook: Cotton spot market noticed mostly weak on Wednesday.

In The News: Cotton Corporation of India (CCI) is currently holding 12 Lakh bales of cotton produced during the previous season. CCI procured around 87 lakh bales of cotton during the season 2014-15 under the MSP operation. According to the market participant CCI could receive good demand after the festival season as the produce it is holding is moisture free fiber, for which the spinner and textile mills could bid well.

According to the market participant, the steady pace is recorded cotton arrivals due to the commencement of festival season but the same is expected to surge up remarkably after Diwali. All India daily average arrival is hovering around 50 thousand bales.

Junagadh Agriculture University (JAU) has predicted raw cotton prices to remain firm during November to January period in the current season due to the scarcity of quality crop and anticipation of growth in export demand. JAU Believes that the cotton price during the period would be around Rs 840-920 per 20 kg in spot market, which are currently hovering in the range of Rs 825-880.

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.

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	-0.5	869.5	869	869	869	1	-2	31	0
Apr-16	-4	876.5	877.5	870	872.5	3464	-2952	15313	207
Spread	Feb-16		Apr-16						
Spot	14								
Feb-16			-3.5						

(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 28 October 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-15	-100	15880	15910	15820	15820	200	233	109	409
Nov-15	10	15710	15800	15670	15760	570	2436	502	2305
Dec-15	0	15800	15880	15770	15840	799	5876	676	5805
Jan-16	-10	15960	16010	15920	15970	145	1643	134	1532
Spread	Oct-15	Nov-15	Dec-15	Jan-16					
Spot	--								
Oct-15		60							
Nov-15			-80						
Dec-15				-130					
Jan-16									

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

*Updated at 5:00 pm on 28 October 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		28-Oct-15	27-Oct-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4450	4500	-50
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4500	4550	-50
Rajkot	B.T. Cotton	4415	4515	-100
Patan	B.T. Cotton	4520	4575	-55
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	4625	4690	-65
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	Desi	4700	4750	-50
Bhiwani	B.T. Cotton	4700	4650	50
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	4545	4560	-15
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	4200	4250	-50
Hanumangarh	B.T. Cotton	4550	4600	-50
Sri-Ganganagar	B.T. Cotton	4500	4500	Unch
	Kapas			
Ahmedabad	Shankar-6	4450	4400	50
Gondal	Shankar-6	4430	4530	-100
	Kapas			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	4300	4350	-50
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	NA	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	4050	-
East Godavari	Un-Ginned	4050	4050	Unch
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	3520	3550	-30
Muktsar	J-34	3520	3550	-30
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3525	3555	-30
Sirsa	J-34	3450	3495	-45

Mansa	J-34	3525	3540	-15
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Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		28-Oct-15	27-Oct-15	
Amravati	Mech-1	NA	NA	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	60000	40000	20000
Rajkot	B.T. Cotton	5000	6450	-1450
Patan	B.T. Cotton	8126	7460	666
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	680	850	-170
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	150	250	-100
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	250	450	-200
Hanumangarh	B.T. Cotton	2000	2500	-500
Sri-Ganganagar	B.T. Cotton	NA	250	-
Ahmedabad	Shankar-6	51000	34000	17000
Gondal	Shankar-6	5127	5749	-622
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	800	1200	-400
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	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	5100	Unch
Sirsa	J-34	NA	NA	-
Mansa	J-34	510	510	Unch

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				27-Oct-15	26-Oct-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	30800	30900	-100
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	31300	31400	-100
J-34(202)	26mm	3.5 - 4.9	23	32700	33000	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31300	31300	Unch
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
		28-Oct-15	27-Oct-15	
Rajkot	Rs. /10 Kg.	608	620	-12
New Delhi	Rs. /10 Kg.	600	600	Unch
Hyderabad	Rs. /10 Kg.	585	590	-5
Mumbai	Rs. /10 Kg.	618	625	-7

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

Centre	Unit	Price		Change
		28-Oct-15	27-Oct-15	
Mahesana (Kadi)	Rs./Qtl	2121	2180	-59
Akola	Rs./Qtl	1909	1926	-17

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 28/10/2015		
Index	RMB/Ton	Change
CCIndex(328)	12978	-15
CCIndex(527)	11888	-1
CCIndex(229)	13608	Unch

China Foreign Cotton (FC) Index : As on 28/10/2015

Index	Cents/lb	Change
FC Index (S)	75.36	Unch
FC Index (M)	70.79	Unch
FC Index (L)	68.68	Unch

Cotlook Index: As on 27/10/2015

Cotlook Indices	Cents/Pound	Change
A-Index	68.85	-0.50

USDA Cotton Spot Rates: As on 27/10/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.59	65.84	NIL
North Delta	61.84	64.59	NIL
South Delta	61.84	64.59	382
East TX-OK	59.50	61.75	1584
West Texas	59.75	62.00	2477
Desert SW	59.34	65.84	NIL
SJ Valley	60.34	70.24	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 27/10/2015

Contract	Open	High	Low	Close	Change
15-Dec	62.36	63.18	62.18	62.34	0.21
16-Mar	62.16	62.95	61.94	62.16	0.23
16-May	62.66	63.43	62.66	62.73	0.24
16-Jul	62.99	63.75	62.99	63.06	0.23
16-Oct	62.88	62.88	62.88	62.88	0.19
16-Dec	63.00	63.38	62.82	62.82	0.15

Pakistan Cotton Spot rates: As on 27/10/2015 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5400	135	5485
Equivalent	40 Kgs	5787	145	5879

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