

Domestic Fundamentals:

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

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	-28	841	841	841	841	1	0	32	1
Apr-16	0	870	875	867.5	569.5	3425	-39	15473	160
Spread	Feb-16		Apr-16						
Spot	43								
Feb-16			271.5						

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)

*Updated at 5:45 pm on 29 October 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-15	10	15760	15850	15730	15780	134	-66	79	-154
Nov-15	-40	15770	15790	15700	15730	356	-214	2461	25
Dec-15	-40	15830	15860	15770	15800	750	-49	6060	184
Jan-16	-50	15950	15980	15900	15930	130	-15	1719	76
Spread	Oct-15	Nov-15	Dec-15	Jan-16					
Spot	--								
Oct-15		50							
Nov-15			-70						
Dec-15				-130					
Jan-16									

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

*Updated at 5:45 pm on 29 October 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		29-Oct-15	28-Oct-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4400	4450	-50
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4425	4500	-75
Rajkot	B.T. Cotton	4420	4415	5
Patan	B.T. Cotton	4415	4520	-105
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	4500	NA	-
Muktsar	B.T. Cotton	4650	4625	25
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	Desi*	4750	4700	50
Bhiwani	B.T. Cotton	4650	4700	-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	4530	4545	-15
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	4400	4200	200
Hanumangarh	B.T. Cotton	4450	4550	-100
Sri-Ganganagar	B.T. Cotton	4500	4500	Unch
	Kapas			
Ahmedabad	Shankar-6	4400	4450	-50
Gondal	Shankar-6	4355	4430	-75
	Kapas			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	4450	4300	150
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	4050	4050	Unch
	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3500	3520	-20
Muktsar	J-34	3500	3520	-20
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3505	3525	-20
Sirsa	J-34	3450	3450	Unch
Mansa	J-34*	3500	3525	-25

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		29-Oct-15	28-Oct-15	
Amravati	Mech-1	5300	NA	-
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	50000	60000	-10000
Rajkot	B.T. Cotton	5100	5000	100
Patan	B.T. Cotton	10500	8126	2374
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	1012	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	850	680	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	200	150	50
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	350	250	100
Hanumangarh	B.T. Cotton	2000	2000	Unch
Sri-Ganganagar	B.T. Cotton	NA	NA	-

Ahmedabad	Shankar-6	51000	51000	Unch
Gondal	Shankar-6	4668	5127	-459
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	500	800	-300
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	850	680	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	Rs. Per Candy	Change
				28-Oct-15	27-Oct-15	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	30600	30800	-200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	31100	31300	-200
J-34(202)	26mm	3.5 - 4.9	23	32300	32700	-400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31200	31300	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	32200	32400	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	32500	32700	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	33400	33600	-200
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
		29-Oct-15	28-Oct-15	
Rajkot	Rs. /10 Kg.	610	608	2
New Delhi	Rs. /10 Kg.	600	600	Unch
Hyderabad	Rs. /10 Kg.	595	585	10
Mumbai	Rs. /10 Kg.	618	618	Unch

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

Centre	Unit	Price		Change
		29-Oct-15	28-Oct-15	
Mahesana (Kadi)	Rs./Qtl	2056	2121	-65
Akola	Rs./Qtl	1909	1909	Unch

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 29/10/2015		
Index	RMB/Ton	Change
CCIndex(328)	12979	1
CCIndex(527)	11886	-2
CCIndex(229)	13605	-3

China Foreign Cotton (FC) Index : As on 29/10/2015		
Index	Cents/lb	Change
FC Index (S)	75.35	0.23
FC Index (M)	70.72	0.20
FC Index (L)	68.74	0.25

Cotlook Index: As on 28/10/2015		
Cotlook Indices	Cents/Pound	Change
A-Index	69.05	0.20

USDA Cotton Spot Rates: As on 28/10/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.92	66.17	1144
North Delta	62.17	64.92	264
South Delta	62.17	64.92	880
East TX-OK	59.75	62.00	91
West Texas	60.00	62.25	1930
Desert SW	59.67	66.17	NIL
SJ Valley	60.67	70.57	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 28/10/2015

Contract	Open	High	Low	Close	Change
15-Dec	62.34	62.90	62.20	62.67	0.33
16-Mar	62.16	62.68	61.94	62.46	0.30
16-May	63.20	63.22	62.51	63.04	0.31
16-Jul	63.55	63.55	62.90	63.37	0.31
16-Oct	64.46	64.46	64.46	64.46	1.58
16-Dec	62.75	63.05	62.75	62.96	0.14

Pakistan Cotton Spot rates: As on 28/10/2015 (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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