

Domestic Fundamentals:

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

In The News: Cotton output in India is likely to be around 370.50 lakh bales in the current season that is 2015-16, according to cotton association of India (CAI). As per the latest estimates of CAI, total cotton supply on the domestic front would be around 463.15 and consumption would stand around 325 lakh bales, with the left over surplus of 138.15 lakh bales. For the previous season, CAI had estimated the production of 382.75 lakh bales.

According to Cotton Association of India (CAI), due to the attack of white fly, cotton production in Punjab and Haryana is likely to drop by around 23 percent and 20 percent respectively. Cotton production on Punjab would stand around 10 lakh bales this year as compared to 13 lakh bales during previous year. However in Haryana, cotton output in the current season would be around 19 lakh bales as compared to 23.5 lakh bales. Although Punjab and Haryana are expected to bear the loss in cotton production due to whitefly attack, the maximum fall in the production would be noticed in Karnataka. According to CAI, cotton production in Karnataka is expected to decrease by around 35% to 20 lakh bales due to drought in the state.

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.

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	--	--	--	--	--	--	--	--	--
Apr-16	-0.5	869	871	865	867.5	3358	-106	15013	-300
Spread	Feb-16		Apr-16						
Spot	--		14.5						
Feb-16	--		--						

(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 30 October 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-15	60	15720	15840	15690	15770	654	84	2532	96
Dec-15	80	15800	15920	15750	15840	1073	274	6154	278
Jan-16	70	15860	16010	15860	15960	201	56	1816	173
Jan-16									
Spread	Nov-15	Dec-15	Jan-16	--	--	--			
Spot	--								
Nov-15		-70							
Dec-15			-120						
Jan-16									
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(NB: Spread Basis = Spot- Near Month Future)

*Updated at 5:00 pm on 30 October 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		30-Oct-15	29-Oct-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4400	4400	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4400	4425	-25
Rajkot	B.T. Cotton	4410	4420	-10
Patan	B.T. Cotton	4340	4415	-75
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	4500	-
Muktsar	B.T. Cotton	4550	4650	-100
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	Desi	4750	4750	Unch
Bhiwani	B.T. Cotton	4650	4650	Unch
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	4550	4530	20
Hubli	B.T. Cotton	NA	4523	-
Hathras	B.T. Cotton(US)	4400	4400	Unch
Hanumangarh	B.T. Cotton	4400	4450	-50
Sri-Ganganagar	B.T. Cotton	4500	4500	Unch
	Kapas			
Ahmedabad	Shankar-6	4350	4400	-50
Gondal	Shankar-6	4405	4355	50
	Kapas			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	4500	4450	50
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	4897	-
Raichur	H-44 Cotton	NA	4325	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	4050	NA	-
East Godavari	Un-Ginned	4050	4050	Unch
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	3490	3500	-10
Muktsar	J-34	3490	3500	-10
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3500	3505	-5
Sirsa	J-34	3440	3450	-10

Mansa	J-34	3490	3500	-10
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Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		30-Oct-15	29-Oct-15	
Amravati	Mech-1	6000	5300	700
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	50000	50000	Unch
Rajkot	B.T. Cotton	5150	5100	50
Patan	B.T. Cotton	10172	10500	-328
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	1012	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	1020	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	250	200	50
Hubli	B.T. Cotton	NA	58	-
Hathras	B.T. Cotton(US)	300	350	-50
Hanumangarh	B.T. Cotton	1500	2000	-500
Sri-Ganganagar	B.T. Cotton	NA	NA	-
Ahmedabad	Shankar-6	68000	51000	17000
Gondal	Shankar-6	3994	4668	-674
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	1200	500	700
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	2	-
Raichur	H-44 Cotton	NA	705	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	1020	850	170
Bhatinda	J-34	5100	5100	Unch
Sirsa	J-34	NA	NA	-
Mansa	J-34	340	510	-170

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				29-Oct-15	28-Oct-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	30600	30600	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	31100	31100	Unch
J-34(202)	26mm	3.5 - 4.9	23	32200	32300	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31100	31200	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	32000	32200	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	32300	32500	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	33200	33400	-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
		30-Oct-15	29-Oct-15	
Rajkot	Rs. /10 Kg.	600	610	-10
New Delhi	Rs. /10 Kg.	600	600	Unch
Hyderabad	Rs. /10 Kg.	595	595	Unch
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
		30-Oct-15	29-Oct-15	
Mahesana (Kadi)	Rs./Qtl	1930	2056	-126
Akola	Rs./Qtl	1887	1909	-22

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 30/10/2015		
Index	RMB/Ton	Change
CCIndex(328)	12989	10
CCIndex(527)	11887	1
CCIndex(229)	13618	13

China Foreign Cotton (FC) Index : As on 30/10/2015

Index	Cents/lb	Change
FC Index (S)	74.93	0.23
FC Index (M)	70.51	-0.21
FC Index (L)	68.48	-0.26

Cotlook Index: As on 29/10/2015

Cotlook Indices	Cents/Pound	Change
A-Index	69.30	0.25

USDA Cotton Spot Rates: As on 29/10/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.57	65.82	234
North Delta	62.07	64.82	NIL
South Delta	62.07	64.82	515
East TX-OK	59.50	61.75	852
West Texas	59.75	62.00	1255
Desert SW	59.32	65.82	NIL
SJ Valley	60.32	70.22	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 29/10/2015

Contract	Open	High	Low	Close	Change
15-Dec	62.69	62.92	62.16	62.32	-0.35
16-Mar	62.49	62.58	62.00	62.21	-0.25
16-May	63.06	63.09	62.62	62.81	-0.23
16-Jul	63.19	63.20	62.97	63.17	-0.20
16-Oct	64.23	64.23	64.23	64.23	-0.23
16-Dec	62.70	62.81	62.55	62.81	-0.15

Pakistan Cotton Spot rates: As on 29/10/2015 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5500	135	5635
Equivalent	40 Kgs	5894	145	6039

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