

## Domestic Fundamentals:

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

**In The News:** The Director General of Foreign Trade (DGFT) issued notice for inclusion of export of cotton fabrics (woven and knitted) and cotton made-ups to leading markets, including African countries under the Merchandise Exports from India Scheme (MEIS). The step taken by government is likely to escalate export as the scheme consist the export benefit of two percent.

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).

### International Fundamentals:

The recent rise in the cotton prices in Pakistan has improved the import parity. Spinners have booked the import order from India and other exporting nations. So far around 1.4 million bales of cotton has been booked to be imported to country and the volume is likely to go around 2.5 million bales.

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.

### 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	-4	876.5	877.5	867	868.5	3511	153	14537	-476
Spread	Feb-16		Apr-16						
Spot	--		21.5						
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 02 November 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-15	-80	15900	15940	15740	15770	449	-205	2622	90
Dec-15	-80	15950	15980	15810	15830	643	-430	6140	-14
Jan-16	-80	16070	16110	15930	15950	264	63	1995	179
Jan-16									
Spread	Nov-15	Dec-15	Jan-16	--	--	--	--	--	--
Spot	--								
Nov-15		-60							
Dec-15			-120						
Jan-16									
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(NB: Spread Basis = Spot- Near Month Future)

\*Updated at 5:00 pm on 02 November 2015

**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Markets:**

Centre	Variety	Prices		Change
		02-Nov-15	31-Oct-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4300	4200	100
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4500	4400	100
Rajkot	B.T. Cotton	4450	Closed	-
Patan	B.T. Cotton	4390	Closed	-
Deesa	B.T. Cotton	NA	Closed	-
Dhrol	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	4600	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	Desi	4750	4750	Unch
Bhiwani	B.T. Cotton	4525	4600	-75
Adampur	B.T. Cotton	4440	NA	-
Fatehabad	B.T. Cotton	4500	NA	-
Dabwali	B.T. Cotton	4400	NA	-
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	4526	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	4320	4325	-5
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	4300	NA	-
Hanumangarh	B.T. Cotton	4415	4350	65
Sri-Ganganagar	B.T. Cotton	4500	Closed	-
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4350	Closed	-
Gondal	Shankar-6	4405	Closed	-
	<b>Kapas</b>			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	4550	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	4250	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	4050	-
East Godavari	Un-Ginned	NA	4050	-
	<b>Lint</b>	<b>Rs./Maund (of 37.32kg each)</b>		
Abohar	J-34	NA	3500	-
Muktsar	J-34	NA	3500	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3500	3500	Unch
Sirsa	J-34	3420	3450	-30

Mansa	J-34	3510	3490	20
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**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		02-Nov-15	31-Oct-15	
Amravati	Mech-1	2000	7000	-5000
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	35000	50000	-15000
Rajkot	B.T. Cotton	8040	Closed	-
Patan	B.T. Cotton	26955	Closed	-
Deesa	B.T. Cotton	NA	Closed	-
Dhrol	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	Desi*	500	NA	-
Bhiwani	B.T. Cotton	5000	NA	-
Adampur	B.T. Cotton	340	NA	-
Fatehabad	B.T. Cotton	150	NA	-
Dabwali	B.T. Cotton	700	NA	-
Jind	B.T. Cotton	NA	NA	-
Uchana (Jind)	B.T. Cotton	850	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	400	100	300
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	200	NA	-
Hanumangarh	B.T. Cotton	1000	1500	-500
Sri-Ganganagar	B.T. Cotton	1500	NA	-
Ahmedabad	Shankar-6	59500	Closed	-
Gondal	Shankar-6	4788	Closed	-
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	550	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	382	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	NA	850	-
Bhatinda	J-34	NA	5100	-
Sirsa	J-34	425	NA	-
Mansa	J-34	510	340	170

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				31-Oct-15	30-Oct-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	30800	30600	200
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	31300	31100	200
J-34(202)	26mm	3.5 - 4.9	23	32200	32000	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31200	31100	100
Shankar-6(105)	29mm	3.5 - 4.9	28	32000	31800	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	32300	32200	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	33200	33100	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
		02-Nov-15	31-Oct-15	
Rajkot	Rs. /10 Kg.	590	585	5
New Delhi	Rs. /10 Kg.	600	600	Unch
Hyderabad	Rs. /10 Kg.	580	595	-5
Mumbai	Rs. /10 Kg.	590	618	28

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

Centre	Unit	Price		Change
		02-Nov-15	31-Oct-15	
Mahesana (Kadi)	Rs./Qtl	1902	Closed	-
Akola	Rs./Qtl	1803	Closed	-

**INTERNATIONAL PRICES AND INDICES**

China Cotton Index: As on 02/11/2015		
Index	RMB/Ton	Change
CCIndex(328)	12979	-10
CCIndex(527)	11887	Unch
CCIndex(229)	13599	-19

**China Foreign Cotton (FC) Index : As on 2/11/2015**

Index	Cents/lb	Change
FC Index (S)	75.27	0.34
FC Index (M)	71.20	0.69
FC Index (L)	69.29	0.81

**Cotlook Index: As on 30/10/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	69.05	-0.25

**USDA Cotton Spot Rates: As on 30/10/2015**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	63.57	66.82	NIL
North Delta	63.07	65.82	NIL
South Delta	63.07	65.82	NIL
East TX-OK	60.50	62.75	719
West Texas	60.75	63.00	3192
Desert SW	60.32	66.82	300
SJ Valley	61.32	71.22	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 30/10/2015**

Contract	Open	High	Low	Close	Change
15-Dec	62.36	63.44	62.36	63.32	1.00
16-Mar	62.36	63.29	62.31	63.00	0.79
16-May	62.86	63.83	62.86	63.60	0.79
16-Jul	63.50	64.09	63.50	63.95	0.78
16-Oct	63.12	63.12	62.86	62.86	-1.37
16-Dec	63.25	63.58	63.25	63.44	0.63

**Pakistan Cotton Spot rates: As on 31/10/2015 (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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