

Domestic Fundamentals:

Market Outlook: Cotton spot market noticed mostly weak tone on Tuesday.

In The News: Cotton Corporation in India (CCI) has not started the procurement under MSP operation in Punjab. Also CCI got direction from Union Textile Minister, Santosh Gangwar to start procurement in the state, as to insure the genuine remuneration to the cotton farmers as they are already lost a large share of their crop to white fly attack, but until now there are no such operation by CCI, said farmers who are selling their crops to private traders.

Cotton farmers in few markets of Telangana are not interested in selling their crop to Cotton Corporation of India (CCI) due to new rules formulated by the same. Cotton farmers are opposing the CCI rule of rejecting cotton for procurement at MSP of Rs 4100 per quintal if bearing moisture content more than 8%. If the produce contains moisture content up to 12 percent, CCI is paying Rs 3936 per quintal.

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.

International Fundamentals:

Cotton export in Pakistan has witnessed a growth of 10 per cent during the first quarter of the fiscal year (FY 16) due to the lower domestic prices and higher demand from the overseas. According the data, country exported raw cotton valued USD 55 million during the first quarter of FY16 as compared to USD 50 million during the same period in FY 15.

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.

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	8	869	881	869	878.5	4175	664	14942	405

Spread	Feb-16	Apr-16
Spot	--	11.5
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	90	15790	15900	15790	15880	358	-91	2574	-48
Dec-15	70	15870	15960	15870	15930	596	-47	6259	119
Jan-16	50	16010	16080	16000	16070	211	-53	1995	0
Jan-16									

Spread	Nov-15	Dec-15	Jan-16	--	--	--
Spot	--					
Nov-15		-50				
Dec-15			-140			
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
		03-Nov-15	02-Nov-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4250	4300	-50
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4325	4500	-175
Rajkot	B.T. Cotton	4450	4450	Unch
Patan	B.T. Cotton	4355	4390	-35
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	Desi	4750	4750	Unch
Bhiwani	B.T. Cotton	4500	4525	-25
Adampur	B.T. Cotton	4400	4440	-40
Fatehabad	B.T. Cotton	4480	4500	-20
Dabwali	B.T. Cotton	4425	4400	25
Jind	B.T. Cotton	4470	NA	-
Uchana (Jind)	B.T. Cotton	4550	4526	24
Rawatsar (Hanumangarh)	B.T. Cotton	4321	4320	1
Hubli	B.T. Cotton	NA	4439	-
Hathras	B.T. Cotton(US)	4300	4300	Unch
Hanumangarh	B.T. Cotton	4400	4415	-15
Sri-Ganganagar	B.T. Cotton	4450	4500	-50
	Kapas			
Ahmedabad	Shankar-6	4350	4350	Unch
Gondal	Shankar-6	4405	4405	Unch
	Kapas			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	4550	4550	Unch
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	5059	-
Raichur	H-44 Cotton	NA	4300	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	4050	NA	-
East Godavari	Un-Ginned	4000	NA	-
	Lint	Rs./Maund (of 37.32kg each)		
Abohar	J-34	NA	NA	-
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3490	3500	-10
Sirsa	J-34	3420	3420	Unch

Mansa	J-34	3485	3510	-25
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Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		03-Nov-15	02-Nov-15	
Amravati	Mech-1	4700	2000	2700
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	40000	35000	5000
Rajkot	B.T. Cotton	7600	8040	-440
Patan	B.T. Cotton	21605	26955	-5350
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	200	500	-300
Bhiwani	B.T. Cotton	5000	5000	Unch
Adampur	B.T. Cotton	340	340	Unch
Fatehabad	B.T. Cotton	300	150	150
Dabwali	B.T. Cotton	400	700	-300
Jind	B.T. Cotton	102	NA	-
Uchana (Jind)	B.T. Cotton	1500	850	650
Rawatsar (Hanumangarh)	B.T. Cotton	400	400	Unch
Hubli	B.T. Cotton	NA	158	-
Hathras	B.T. Cotton(US)	200	200	Unch
Hanumangarh	B.T. Cotton	1000	1000	Unch
Sri-Ganganagar	B.T. Cotton	150	1500	-1350
Ahmedabad	Shankar-6	59500	59500	Unch
Gondal	Shankar-6	4710	4788	-78
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	550	550	Unch
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	1	-
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	NA	NA	-
Bhatinda	J-34	4250	NA	-
Sirsa	J-34	340	425	-85
Mansa	J-34	510	510	Unch

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				02-Nov-15	31-Oct-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	30600	30800	-200
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	31100	31300	-200
J-34(202)	26mm	3.5 - 4.9	23	31800	32200	-400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31200	31200	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	32200	32000	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	32300	32300	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	33200	33200	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
		03-Nov-15	02-Nov-15	
Rajkot	Rs. /10 Kg.	590	590	Unch
New Delhi	Rs. /10 Kg.	600	600	Unch
Hyderabad	Rs. /10 Kg.	585	580	5
Mumbai	Rs. /10 Kg.	590	590	Unch

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

Centre	Unit	Price		Change
		03-Nov-15	02-Nov-15	
Mahesana (Kadi)	Rs./Qtl	1860	1902	-42
Akola	Rs./Qtl	1764	1803	-39

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 03/11/2015		
Index	RMB/Ton	Change
CCIndex(328)	12981	2
CCIndex(527)	11886	-1
CCIndex(229)	13599	Unch

China Foreign Cotton (FC) Index : As on 3/11/2015

Index	Cents/lb	Change
FC Index (S)	75.27	Unch
FC Index (M)	71.20	Unch
FC Index (L)	69.29	Unch

Cotlook Index: As on 02/11/2015

Cotlook Indices	Cents/Pound	Change
A-Index	69.75	0.70

USDA Cotton Spot Rates: As on 02/11/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	63.54	66.79	NIL
North Delta	63.04	65.79	NIL
South Delta	63.04	65.79	NIL
East TX-OK	60.50	62.75	2272
West Texas	60.75	63.00	3187
Desert SW	60.29	66.79	171
SJ Valley	61.29	71.19	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 02/11/2015

Contract	Open	High	Low	Close	Change
15-Dec	63.34	63.44	62.14	63.29	-0.03
16-Mar	63.00	63.24	61.93	63.13	0.13
16-May	63.09	63.83	62.53	63.76	0.16
16-Jul	63.44	64.15	62.88	64.09	0.14
16-Oct	63.00	63.00	63.00	63.00	0.14
16-Dec	63.42	63.43	62.50	63.42	-0.02

Pakistan Cotton Spot rates: As on 02/11/2015 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5450	135	5585
Equivalent	40 Kgs	5841	145	5986

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