

Domestic Fundamentals:

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

In The News: Despite the drastic fall in import expectation from China, India is likely to export more cotton this year as compared to the previous. According to the government official, India is likely to export 68 lakh bales of cotton this year, around 18% higher when compared to the previous season as Asian countries Bangladesh, Pakistan and Vietnam are expected to import more cotton.

According to Textile Commissioner, Kavita Gupta, cotton production in the country would be around 365 lakh bales in the season 2015-16, around 4% lower when compared to the production of previous year. She believes that the cotton exports would be around 68 lakh bales, around 18% higher when compared to the previous season. Due to the lower production and higher export the ending stocks in the current season would be standing around 38 lakh bales, around 27% lower when compared to the ending stock of previous season.

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.

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	2	879	883.5	875.5	882	3471	-1007	15329	579
Spread	Feb-16		Apr-16						
Spot	--		4						
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 05 November 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-15	20	15790	15890	15770	15850	369	-195	2561	13
Dec-15	30	15880	15980	15860	15950	769	-231	6603	54
Jan-16	40	16020	16130	16000	16090	335	113	2047	-55
Jan-16									
Spread	Nov-15	Dec-15	Jan-16	--	--	--			
Spot	--								
Nov-15		-100							
Dec-15			-140						
Jan-16				--					
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(NB: Spread Basis = Spot- Near Month Future)

*Updated at 5:00 pm on 05 November 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		5-Nov-15	4-Nov-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4250	4250	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4450	4500	-50
Rajkot	B.T. Cotton	4430	4450	-20
Patan	B.T. Cotton	4400	4380	20
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	4360	4375	-15
Muktsar	B.T. Cotton	4500	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	Desi	4750	4750	Unch
Bhiwani	B.T. Cotton	4600	4550	50
Adampur	B.T. Cotton	4435	4425	10
Fatehabad	B.T. Cotton	4500	4510	-10
Dabwali	B.T. Cotton	NA	NA	-
Jind	B.T. Cotton	4560	4530	30
Uchana (Jind)	B.T. Cotton	4565	4540	25
Rawatsar (Hanumangarh)	B.T. Cotton	4330	4350	-20
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	4050	4150	-100
Hanumangarh	B.T. Cotton	4450	4450	Unch
	Kapas			
Ahmedabad	Shankar-6	4350	4350	Unch
Gondal	Shankar-6	4380	4405	-25
	Kapas			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	4200	4200	Unch
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	5219	NA	-
Raichur	H-44 Cotton	4250	NA	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	4050	4000	50
	Lint	Rs./Maund (of 37.32 Kg each)		
Abohar	J-34	NA	NA	-
Muktsar	J-34	3485	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3490	3485	5
Sirsa	J-34	3440	3425	15
Mansa	J-34	3485	3495	-10

Sri-Ganganagar	J-34	NA	NA	-
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Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		5-Nov-15	4-Nov-15	
Amravati	Mech-1	6000	5000	1000
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	75000	40000	35000
Rajkot	B.T. Cotton	7200	7060	140
Patan	B.T. Cotton	18295	19325	-1030
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	960	1058	-98
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	850	NA	-
Bhiwani	Desi*	200	200	Unch
Bhiwani	B.T. Cotton	5000	4000	1000
Adampur	B.T. Cotton	722	595	128
Fatehabad	B.T. Cotton	325	300	25
Dabwali	B.T. Cotton	NA	NA	-
Jind	B.T. Cotton	221	212.5	9
Uchana (Jind)	B.T. Cotton	650	1160	-510
Rawatsar (Hanumangarh)	B.T. Cotton	400	500	-100
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	150	900	-750
Hanumangarh	B.T. Cotton	1000	1000	Unch
Ahmedabad	Shankar-6	59500	59500	Unch
Gondal	Shankar-6	4662	4773	-111
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	1200	1300	-100
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	2	NA	-
Raichur	H-44 Cotton	4000	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	3400	6800	-3400
Sirsa	J-34	850	510	340
Mansa	J-34	425	510	-85
Sri-Ganganagar	J-34	400	300	100

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				4-Nov-15	3-Nov-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	31900	31800	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31300	31200	100
Shankar-6(105)	29mm	3.5 - 4.9	28	32200	32200	Unch
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
		5-Nov-15	4-Nov-15	
Rajkot	Rs. /10 Kg.	590	590	Unch
New Delhi	Rs. /10 Kg.	575	600	-25
Hyderabad	Rs. /10 Kg.	580	580	Unch
Mumbai	Rs. /10 Kg.	595	590	5

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

Centre	Unit	Price		Change
		5-Nov-15	4-Nov-15	
Mahesana (Kadi)	Rs./Qtl	1859	1856	3
Akola	Rs./Qtl	1722	1734	-12

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 5/11/2015		
Index	RMB/Ton	Change
CCIndex(328)	12997	6
CCIndex(527)	11897	6
CCIndex(229)	13617	6

China Foreign Cotton (FC) Index : As on 5/11/2015

Index	Cents/lb	Change
FC Index (S)	74.08	-0.72
FC Index (M)	70.07	-0.67
FC Index (L)	68.24	-0.55

Cotlook Index: As on 4/11/2015

Cotlook Indices	Cents/Pound	Change
A-Index	69.05	-0.70

USDA Cotton Spot Rates: As on 4/11/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.19	65.44	228
North Delta	61.69	64.44	NIL
South Delta	61.69	64.44	NIL
East TX-OK	58.75	60.75	2280
West Texas	59.50	61.75	6259
Desert SW	58.94	65.44	NIL
SJ Valley	59.94	69.84	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 4/11/2015

Contract	Open	High	Low	Close	Change
15-Dec	62.64	62.89	61.80	61.94	-0.63
16-Mar	62.65	62.72	61.78	62.02	-0.42
16-May	63.24	63.31	62.48	62.78	-0.32
16-Jul	63.61	63.61	62.89	63.20	-0.22
16-Oct	63.17	63.17	63.17	63.17	-0.20
16-Dec	63.21	63.21	62.72	62.88	-0.14

Pakistan Cotton Spot rates: As on 4/11/2015 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5350	135	5485
Equivalent	40 Kgs	5734	145	5879

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