

Domestic Fundamentals:

Market Outlook: Cotton spot market noticed steady to weak tone on Saturday.

In The News: Maharashtra government has started the cotton procurement in state under MSP scheme via Maharashtra State Cooperative Cotton-Growers Marketing Federation. So far only three centers are operating in state but the numbers are likely to reach 17 shortly and it may reach to 96 if CCI outsources its duty to the federation. The chairperson said that during the previous season they procured only 27 Lakh quintal of cotton, but this year they may buy up to 100 lakh quintal.

Despite the expectation of higher production this year, Cotton prices in Maharashtra are ruling above the MSP of Rs 4100 per quintal. According to the market participants, private traders have bought around 1.5 Lakh quintal of cotton from the farmers at the prices of Rs 4150-4450 per quintal.

The government of India will screen each variety of Bt hybrid cotton seed in order to identify the white-fly resistant variety so that it can tell the private seed producer to focus on these particular variety and to save other crop including vegetables from being infected which are grown nearby cotton crop.

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.

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	-3.5	881.5	883	877.5	878.5	1984	-1487	15653	324
Spread	Feb-16		Apr-16						
Spot	--		5.5						
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 06 November 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-15	0	15850	15880	15820	15840	124	-245	2528	-33
Dec-15	-10	15920	15960	15900	15910	318	-451	6635	32
Jan-16	-10	16080	16080	16030	16040	99	-236	1994	-53
Jan-16									
Spread	Nov-15	Dec-15	Jan-16	--	--	--			
Spot	--								
Nov-15		-70							
Dec-15			-130						
Jan-16				--					
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(NB: Spread Basis = Spot- Near Month Future)

*Updated at 5:00 pm on 06 November 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		7-Nov-15	6-Nov-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4325	4300	25
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4450	4500	-50
Rajkot	B.T. Cotton	4405	4420	-15
Patan	B.T. Cotton	Closed	4390	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	4380	-
Muktsar	B.T. Cotton	4500	4450	50
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	Desi*	4750	4750	Unch
Bhiwani	B.T. Cotton	4525	4570	-45
Adampur	B.T. Cotton	4410	4435	-25
Fatehabad	B.T. Cotton	4450	4510	-60
Dabwali	B.T. Cotton	4425	4460	-35
Jind	B.T. Cotton	4450	4480	-30
Uchana (Jind)	B.T. Cotton	4550	4565	-15
Rawatsar (Hanumangarh)	B.T. Cotton	4335	4340	-5
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	4000	4100	-100
Hanumangarh	B.T. Cotton	4480	4450	30
	Kapas			
Ahmedabad	Shankar-6	4375	4350	25
Gondal	Shankar-6	Closed	4380	-
	Kapas			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	4250	4250	Unch
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	4050	-
East Godavari	Un-Ginned	4100	NA	-
	Lint	Rs./Mound		

Abohar	J-34	3490	NA	-
Muktsar	J-34	3495	3485	10
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3485	3490	-5
Sirsa	J-34	3440	3440	Unch
Mansa	J-34	3490	3485	5
Sri-Ganganagar	J-34	NA	3055	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		7-Nov-15	6-Nov-15	
Amravati	Mech-1	8500	7000	1500
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	45000	45000	Unch
Rajkot	B.T. Cotton	6450	7400	-950
Patan	B.T. Cotton	Closed	24498	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	1105	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	1020	850	170
Bhiwani	Desi*	200	200	Unch
Bhiwani	B.T. Cotton	4000	5000	-1000
Adampur	B.T. Cotton	680	850	-170
Fatehabad	B.T. Cotton	500	450	50
Dabwali	B.T. Cotton	925	900	25
Jind	B.T. Cotton	238	255	-17
Uchana (Jind)	B.T. Cotton	1000	1300	-300
Rawatsar (Hanumangarh)	B.T. Cotton	700	600	100
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	100	150	-50
Hanumangarh	B.T. Cotton	1500	1000	500
Ahmedabad	Shankar-6	59500	59500	Unch
Gondal	Shankar-6	Closed	4203	-
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	900	1300	-400
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	1190	NA	-
Bhatinda	J-34	10200	3400	6800
Sirsa	J-34	1020	850	170
Mansa	J-34	340	425	-85
Sri-Ganganagar	J-34	NA	100	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				6-Nov-15	5-Nov-15	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	30600	30600	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	31100	31100	Unch
J-34(202)	26mm	3.5 - 4.9	23	32000	32000	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31300	31300	Unch
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
		7-Nov-15	6-Nov-15	
Rajkot	Rs. /10 Kg.	590	590	Unch
New Delhi	Rs. /10 Kg.	575	575	Unch
Hyderabad	Rs. /10 Kg.	580	580	Unch
Mumbai	Rs. /10 Kg.	595	595	Unch

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

Centre	Unit	Price		Change
		7-Nov-15	6-Nov-15	
Mahesana (Kadi)	Rs./Qtl	Closed	1861	-
Akola	Rs./Qtl	Closed	1679	-

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 6/11/2015

Index	RMB/Ton	Change
CCIndex(328)	12992	-5
CCIndex(527)	11892	-5
CCIndex(229)	13612	-5

China Foreign Cotton (FC) Index : As on 6/11/2015

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 6/11/2015

Cotlook Indices	Cents/Pound	Change
A-Index	68.65	Unch

USDA Cotton Spot Rates: As on 6/11/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.41	65.66	509
North Delta	61.41	64.16	444
South Delta	61.41	64.16	NIL
East TX-OK	59.00	61.00	2102
West Texas	59.25	61.50	1746
Desert SW	58.66	65.16	NIL
SJ Valley	59.66	69.56	500

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

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ICE Cotton Futures (Prices in cents/lb.): As on 6/11/2015

Contract	Open	High	Low	Close	Change
15-Dec	62.13	62.20	61.65	61.66	-0.29
16-Mar	62.16	62.25	61.65	61.74	-0.39
16-May	62.82	62.92	62.36	62.47	-0.42
16-Jul	63.22	63.25	62.77	62.91	-0.41
16-Oct	62.96	62.96	62.96	62.96	-0.45
16-Dec	63.17	63.17	62.75	62.93	-0.31

Pakistan Cotton Spot rates: As on 6/11/2015 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5300	135	5435
Equivalent	40 Kgs	5680	145	5825

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