

Domestic Fundamentals:

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

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	-8.5	876.5	876.5	868.5	869.5	3274	1290	15201	-452
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 09 November 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-15	-60	15800	15800	15730	15760	493	369	2540	12
Dec-15	-60	15830	15880	15810	15830	939	621	6790	155
Jan-16	-50	16000	16010	15930	15970	290	191	2065	71
Jan-16									
Spread	Nov-15	Dec-15	Jan-16	--	--	--			
Spot	--								
Nov-15		-70							
Dec-15			-140						
Jan-16				--					
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(NB: Spread Basis = Spot- Near Month Future)

*Updated at 5:00 pm on 09 November 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		9-Nov-15	7-Nov-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4200	4325	-125
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4400	4450	-50
Rajkot	B.T. Cotton	4290	4405	-115
Patan	B.T. Cotton	NA	Closed	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	4500	4500	Unch
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	Desi	4750	4750	Unch
Bhiwani	B.T. Cotton	4450	4525	-75
Adampur	B.T. Cotton	4300	4410	-110
Fatehabad	B.T. Cotton	4350	4450	-100
Dabwali	B.T. Cotton	NA	4425	-
Jind	B.T. Cotton	NA	4450	-
Uchana (Jind)	B.T. Cotton	4418	4550	-132
Rawatsar (Hanumangarh)	B.T. Cotton	4330	4335	-5
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	4000	4000	Unch
Hanumangarh	B.T. Cotton	4400	4480	-80
	Kapas			
Ahmedabad	Shankar-6	4400	4375	25
Gondal	Shankar-6	Closed	Closed	-
	Kapas			
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	4150	4250	-100
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	5359	-
Raichur	H-44 Cotton	4130	NA	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	4050	NA	-
East Godavari	Un-Ginned	4100	4100	Unch
	Lint	Rs./Maund (of 37.32 Kg each)		
Abohar	J-34	3460	3490	-30
Muktsar	J-34	3495	3495	Unch
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3465	3485	-20

Sirsa	J-34	3410	3440	-30
Mansa	J-34	3450	3490	-40
Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		9-Nov-15	7-Nov-15	
Amravati	Mech-1	12000	8500	3500
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	50000	45000	5000
Rajkot	B.T. Cotton	3650	6450	-2800
Patan	B.T. Cotton	Closed	Closed	-
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	850	1020	-170
Bhiwani	Desi	200	200	Unch
Bhiwani	B.T. Cotton	3000	4000	-1000
Adampur	B.T. Cotton	850	680	170
Fatehabad	B.T. Cotton	500	500	Unch
Dabwali	B.T. Cotton	NA	925	-
Jind	B.T. Cotton	NA	238	-
Uchana (Jind)	B.T. Cotton	4418	1000	3418
Rawatsar (Hanumangarh)	B.T. Cotton	4330	700	3630
Hubli	B.T. Cotton	NA	5359	-
Hathras	B.T. Cotton(US)	60	100	-40
Hanumangarh	B.T. Cotton	1500	1500	Unch
Ahmedabad	Shankar-6	59500	59500	Unch
Gondal	Shankar-6	Closed	Closed	-
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	400	900	-500
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	18	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	1190	Unch
Bhatinda	J-34	2550	10200	-7650

Sirsa	J-34	1190	1020	170
Mansa	J-34	1020	340	680
Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				9-Nov-15	7-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	31800	32000	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31300	31300	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	32100	32200	-100
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
		9-Nov-15	7-Nov-15	
Rajkot	Rs. /10 Kg.	590	590	Unch
New Delhi	Rs. /10 Kg.	575	575	Unch
Hyderabad	Rs. /10 Kg.	565	580	15
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
		9-Nov-15	7-Nov-15	
Mahesana (Kadi)	Rs./Qtl	1696	Closed	-
Akola	Rs./Qtl	1773	Closed	-

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 9/11/2015		
Index	RMB/Ton	Change
CCIndex(328)	12981	-11
CCIndex(527)	11890	-2
CCIndex(229)	13603	-9

China Foreign Cotton (FC) Index : As on 9/11/2015

Index	Cents/lb	Change
FC Index (S)	73.93	-0.15
FC Index (M)	69.86	-0.21
FC Index (L)	67.99	-0.25

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

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 7/11/2015 (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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