

Domestic Fundamentals:

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

In The News: Cotton exports during the very first month of the season, i.e. October stood 4.63 lakh bales, around 33.5% higher as compared to the export during the previous month and around 2.5 times higher as compared to the exports during the same month previous season, according to IBIS data, compiled by Agriwatch. Imports in October was 0.92 lakh bales around 48.5% lower when compared to the imports in previous month and around 54% lower compared to the imports during the same period last season.

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.

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 | 4.5 | 869 | 873.5 | 869 | 873 | 1834 | -1440 | 14840 | -361 |

| Spread | Feb-16 | Apr-16 |
|--------|--------|--------|
| Spot | -- | -15 |
| Feb-16 | -- | -- |

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)

*Updated at 4:00 pm on 10 November 2015

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

| Contract | +/- | Open | High | Low | Close | Volume | Change | OI | Change |
|----------|-----|-------|-------|-------|-------|--------|--------|------|--------|
| Nov-15 | 70 | 15790 | 15830 | 15740 | 15810 | 462 | -31 | 2409 | -131 |
| Dec-15 | 60 | 15880 | 15920 | 15830 | 15890 | 651 | -288 | 6603 | -187 |
| Jan-16 | 60 | 16020 | 16040 | 15950 | 16020 | 98 | -192 | 2071 | 6 |
| Jan-16 | | | | | | | | | |

| Spread | Nov-15 | Dec-15 | Jan-16 | -- | -- | -- |
|--------|--------|--------|--------|----|----|----|
| Spot | -- | | | | | |
| Nov-15 | | -80 | | | | |
| Dec-15 | | | -130 | | | |
| Jan-16 | | | | -- | | |
| -- | | | | | | |

(NB: Spread Basis = Spot- Near Month Future)

*Updated at 4:00 pm on 10 November 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

| Centre | Variety | Prices | | Change |
|------------------------|-----------------|------------------|----------|--------|
| | | 10-Nov-15 | 9-Nov-15 | |
| | Kapas | (Rs./Qtl) | | |
| Amravati | Mech-1 | 4200 | 4200 | Unch |
| Khandwa | Mech-1 | NA | NA | - |
| Khargaon | Mech-1 | NA | NA | - |
| | Kapas | | | |
| Mahesana(Kadi) | B.T. Cotton | 4300 | 4400 | -100 |
| Rajkot | B.T. Cotton | Closed | 4290 | - |
| Patan | B.T. Cotton | Closed | NA | - |
| Deesa | B.T. Cotton | NA | NA | - |
| Dhrol | B.T. Cotton | NA | NA | - |
| Muktsar | B.T. Cotton | Closed | 4500 | - |
| Fazilika | B.T. Cotton | NA | NA | - |
| Bhiwani | Desi | 4750 | 4750 | Unch |
| Bhiwani | B.T. Cotton | 4440 | 4450 | -10 |
| Adampur | B.T. Cotton | 4300 | 4300 | Unch |
| Fatehabad | B.T. Cotton | 4300 | 4350 | -50 |
| Dabwali | B.T. Cotton | NA | NA | - |
| Jind | B.T. Cotton | NA | NA | - |
| Uchana (Jind) | B.T. Cotton | 4450 | 4418 | 32 |
| Rawatsar (Hanumangarh) | B.T. Cotton | 4225 | 4330 | -105 |
| Hubli | B.T. Cotton | NA | NA | - |
| Hathras | B.T. Cotton(US) | 4000 | 4000 | Unch |
| Hanumangarh | B.T. Cotton | Closed | 4400 | - |
| | Kapas | | | |
| Ahmedabad | Shankar-6 | Closed | 4400 | - |
| Gondal | Shankar-6 | Closed | Closed | - |
| | Kapas | | | |
| Jamner (Jalgaon) | Medium Staple | NA | NA | - |
| Hathras | Desi | 4150 | 4150 | Unch |
| Bijapur | Bunny | NA | NA | - |
| Hubli | D.C.H. | NA | NA | - |
| Raichur | H-44 Cotton | NA | 4130 | - |
| Guntur | Un-Ginned | NA | NA | - |
| Kurnool | Un-Ginned | NA | NA | - |
| Krishna | Un-Ginned | NA | 4050 | - |
| East Godavari | Un-Ginned | NA | 4100 | - |
| | Lint | Rs./Maund | | |
| Abohar | J-34 | Closed | 3460 | - |
| Muktsar | J-34 | Closed | 3495 | - |
| Fazilika | J-34 | NA | NA | - |
| Bhatinda | J-34 | 3455 | 3465 | -10 |
| Sirsa | J-34 | 3400 | 3410 | -10 |
| Mansa | J-34 | Closed | 3450 | - |

| | | | | |
|----------------|------|--------|----|---|
| Sri-Ganganagar | J-34 | Closed | NA | - |
|----------------|------|--------|----|---|

Cotton Arrivals in Key Centers:

| Centre | Variety | Arrivals (Qtl) | | Change |
|------------------------|-----------------|----------------|----------|--------|
| | | 10-Nov-15 | 9-Nov-15 | |
| Amravati | Mech-1 | 13000 | 12000 | 1000 |
| Khandwa | Mech-1 | NA | NA | - |
| Khargaon | Mech-1 | NA | NA | - |
| | | | | |
| Mahesana(Kadi) | B.T. Cotton | 35000 | 50000 | -15000 |
| Rajkot | B.T. Cotton | Closed | 3650 | - |
| 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 | Closed | 850 | - |
| Bhiwani | Desi | 200 | 200 | Unch |
| Bhiwani | B.T. Cotton | 3000 | 3000 | Unch |
| Adampur | B.T. Cotton | 1020 | 850 | 170 |
| Fatehabad | B.T. Cotton | 175 | 500 | -325 |
| Dabwali | B.T. Cotton | NA | NA | - |
| Jind | B.T. Cotton | NA | NA | - |
| Uchana (Jind) | B.T. Cotton | 1000 | 1200 | -200 |
| Rawatsar (Hanumangarh) | B.T. Cotton | 200 | 1000 | -800 |
| Hubli | B.T. Cotton | NA | NA | - |
| Hathras | B.T. Cotton(US) | NA | 60 | - |
| Hanumangarh | B.T. Cotton | Closed | 1500 | - |
| | | | | |
| Ahmedabad | Shankar-6 | Closed | 59500 | - |
| Gondal | Shankar-6 | Closed | Closed | - |
| | | | | |
| Jamner (Jalgaon) | Medium Staple | NA | NA | - |
| Hathras | Desi | NA | 400 | - |
| Bijapur | Bunny | NA | NA | - |
| Hubli | D.C.H. | NA | 18 | - |
| 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 | Closed | 1190 | - |
| Bhatinda | J-34 | 2040 | 2550 | -510 |
| Sirsa | J-34 | 850 | 1190 | -340 |
| Mansa | J-34 | Closed | 1020 | - |
| Sri-Ganganagar | J-34 | Closed | 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 |
|-----------|-------------|-----------|----------|--------|
| | | 10-Nov-15 | 9-Nov-15 | |
| Rajkot | Rs. /10 Kg. | 585 | 590 | -5 |
| New Delhi | Rs. /10 Kg. | 575 | 575 | Unch |
| Hyderabad | Rs. /10 Kg. | 570 | 565 | 5 |
| Mumbai | Rs. /10 Kg. | 585 | 595 | -10 |

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

| Centre | Unit | Price | | Change |
|-----------------|---------|-----------|----------|--------|
| | | 10-Nov-15 | 9-Nov-15 | |
| Mahesana (Kadi) | Rs./Qtl | NA | 1696 | - |
| Akola | Rs./Qtl | NA | 1773 | - |

INTERNATIONAL PRICES AND INDICES

| China Cotton Index: As on 10/11/2015 | | |
|--------------------------------------|---------|--------|
| Index | RMB/Ton | Change |
| CCIndex(328) | 12972 | -9 |
| CCIndex(527) | 11889 | -1 |
| CCIndex(229) | 13602 | -1 |

China Foreign Cotton (FC) Index : As on 10/11/2015

| 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 9/11/2015

| Cotlook Indices | Cents/Pound | Change |
|-----------------|-------------|--------|
| A-Index | 68.75 | 0.10 |

USDA Cotton Spot Rates: As on 9/11/2015

| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|------------------------|------------------------|----------|
| | cents/lb. | | bales |
| Southeast | 62.65 | 65.90 | 1408 |
| North Delta | 61.65 | 64.40 | NIL |
| South Delta | 61.65 | 64.40 | NIL |
| East TX-OK | 59.00 | 61.00 | 1742 |
| West Texas | 59.25 | 61.50 | 846 |
| Desert SW | 58.90 | 65.40 | 450 |
| SJ Valley | 59.90 | 69.80 | 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 9/11/2015

| Contract | Open | High | Low | Close | Change |
|----------|-------|-------|-------|-------|--------|
| 15-Dec | 61.87 | 62.07 | 61.61 | 61.90 | 0.24 |
| 16-Mar | 62.08 | 62.29 | 61.71 | 62.12 | 0.38 |
| 16-May | 62.70 | 63.04 | 62.43 | 62.87 | 0.40 |
| 16-Jul | 62.85 | 63.38 | 62.85 | 63.29 | 0.38 |
| 16-Oct | 63.34 | 63.34 | 63.34 | 63.34 | 0.38 |
| 16-Dec | 63.12 | 63.34 | 63.12 | 63.23 | 0.30 |

Pakistan Cotton Spot rates: As on 9/11/2015 (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 |

Disclaimer

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