

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed mixed tone on Friday.

In The News: According to the Cotton Association Of India (CAI), cotton output for 2016 -17 has been estimated 336 lakh bales same as previous year's level as per estimates released for August. The projected balance sheet according to CAI, estimated total cotton supply for the cotton season 2016-17 at 398 lakh bales, while the domestic consumption is estimated at 309 lakh bales thus leaving an available surplus of 89 lakh bales.

According to preliminary report by the government, cotton sowing as on 23rd September, 2016 has been covered under 102.55 lakh hectares compared to 115.98 lakh hectares during the same period previous year.

Lakhs of farmers in Raichur district have shifted from cotton to red gram this year following huge losses from the pink bollworm pest attack in their Bt. Cotton cotton fields during previous year. With good rains in the second half of this month in the growing regions, the crop is progressing well. The area under red gram cultivation has increased from 40,000 hectares in the last kharif season to 96,000 hectares in the current season. Similarly, the area under cotton cultivation has declined from 60,000 hectares to 43,000 hectares during the same period.

India exported 0.190 lakh bales of cotton last week (19 -25 September 2016), which was 0.148 lakh bales previous to last week (12 -18 September 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (19 -25 September, 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.144 lakh bales of cotton from India in the past week (19 -25 September, 2016). Other major importers were Bahrain, Vietnam, Pakistan and Japan and their imported volumes were 0.016 lakh bales, 0.009 lakh bales, 0.006 lakh bales and 0.001 lakh bales respectively.

India the largest producer of cotton is likely to buy up to 2 million bales of cotton this year. Till date India has imported around 1.5 million bales of cotton and has already signed contracts to purchase an additional 400,00 bales according to government sources. Imports have increased amid lower domestic production and lower prices in the global markets.

Department of Agriculture, Ministry of Agriculture (MoA) in its second advance estimates, has revised the cotton production estimates downwardly for the season 2015-16 at 306.92 lakh bales (of 170 kg each). For the season 2014-15, the estimate was 346.23 lakh bales according to the first advance estimates for the season.

The Foreign Agriculture Services (FAS), division of USDA has lowered the production forecast for India in its latest report to 356 lakh bales. The reason for the downfall in the revision is lower yield expectation in Punjab and Haryana due to the attack of white fly and impact of pink bollworm in Gujarat.

According to Cotton Association of India (CAI), the arrivals during 2015-16 season up to the end of April 2016 are estimated at 302.40 lakh bales, lower compared to previous year. This reduction in the arrivals of cotton is an indication of a lower crop this season.

International Fundamentals:

Cotton production is likely to double this year in Australia as rainfall is helping irrigators and dryland farmers to plant more cotton. According to industry sources, the country is likely to produce over four million bales of cotton in 2016 worth over \$2.2 billion.

Bangladesh cotton yarn imports increased by 25 per cent to 207,644 tonnes in the first seven months of 2016. Major portion of the yarn has been imported from India and some from Indonesia. According to the data of Bangladesh Textile Mills Association (BTMA), in 2015, a total of 295,330 tonnes of cotton yarn was imported, and 280,283 tonnes was imported in 2014.

According to USDA latest report, global 2015/16 cotton ending stocks are revised down this month. World 2015-16 cotton production is projected at 96.44 million bales, around 19 per cent below last season. World ending stocks are now projected lower at 98.55 million bales. For India, production is forecast at 26.4 million bales, below previous month's estimates and India's crop is estimated 9 per cent below 2014/15 and the lowest since 2009/10.

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
Con_1	+8.00	891	890	887	898	3237	839	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	330	-	-
May-17	-	-	-

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

*Updated at 5:40 pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-16	+50	19780	19860	19670	19790	673	741	322072	-380465
Nov-16	+60	18720	18790	18640	18770	310	165	145113	-77876

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Oct-16		1020		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

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

* Updated at 5:40 pm

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	30-Sep-16	29-Sep-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	5305	6000	-695
	Rajkot	B.T. Cotton	6140	6140	Unch
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5250	5250	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	4900	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton(New Crop)	5525	5600	-75
	Bhiwani	Desi	4500	4500	Unch
	Adampur	B.T. Cotton	5350	5400	-50
	Fatehabad	B.T. Cotton(New Crop)	5350	5425	-75
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	5450	5300	150
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	6285	6055	230
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	4200	4200	Unch
	Hathras	Desi	4900	4900	Unch
Telangana	Adilabad	Un-Ginned	4650	4650	Unch
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4160	4150	10
Karnataka	Bijapur	Bunny	6335	6475	-140
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5475	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	30-Sep-16	29-Sep-16	
Punjab	Bhatinda	J-34	4355	4375	-20
	Abohar	J-34	4360	4375	-15

	Mansa	J-34	4350	4370	-20
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4300	4300	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	30-Sep-16	29-Sep-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	162	112	50
	Rajkot	B.T. Cotton	890	660	230
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	400	400	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	5	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	8000	6000	2000
	Bhiwani	Desi	200	500	-300
	Adampur	B.T. Cotton	510	680	-170
	Fatehabad	B.T. Cotton	950	1000	-50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	750	1000	-250
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5820	5120	700
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	1250	1250	Unch
	Hathras	Desi	550	550	Unch
Telangana	Adilabad	Un-Ginned	NA	NA	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	10	20	-10
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	NA	37	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	30-Sep-16	29-Sep-16	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	850	680	170
	Mansa	J-34	850	850	Unch
Haryana	Sirsa	J-34	1700	1700	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				29-Sep-16	28-Sep-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	29100	29100	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	29600	29600	Unch
J-34(202)	26mm	3.5 - 4.9	23	40600	41400	-800
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	45200	45900	-700
Shankar-6(105)	29mm	3.5 - 4.9	28	45300	46000	-700
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	48300	49000	-700
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	49800	50500	-700
DCH-32(107)	34mm	3.0 - 3.8	33	54500	55000	-500

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

Centre	Unit	Price		Change
		30-Sep-16	29-Sep-16	
Rajkot	Rs. /10 Kg.	690	685	5
New Delhi	Rs. /10 Kg.	660	660	Unch
Hyderabad	Rs. /10 Kg.	680	680	Unch
Mumbai	Rs. /10 Kg.	705	705	Unch

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

Centre	Unit	Price		Change
		30-Sep-16	29-Sep-16	
Mahesana (Kadi)	Rs./Qtl	2459	2473	-14
Akola	Rs./Qtl	2620	2631	-11

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 30-September-2016		
Index	RMB/Ton	Change
CCIndex(328)	14866	68
CCIndex(527)	14058	49
CCIndex(229)	15178	52
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 30-September-2016		
Index	Cents/lb	Change
FC Index (S)	81.33	-0.78
FC Index (M)	78.40	-0.85
FC Index (L)	76.01	-0.74

Cotlook Index: As on 29-September-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	77.95	-1.05

USDA Cotton Spot Rates: As on 29-September-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	68.73	70.98	NIL
North Delta	67.23	69.98	NIL
South Delta	67.23	69.98	NIL
East TX-OK	66.75	68.75	1059
West Texas	65.50	67.25	NIL
Desert SW	64.98	70.98	NIL
SJ Valley	66.23	76.13	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 29-September-2016

Contract	Open	High	Low	Close	Change
Oct-16	67.80	67.95	67.80	67.95	-0.18
Dec-16	68.80	69.04	67.28	67.73	-0.75
Mar-17	69.17	69.48	67.87	68.35	-0.63
May-17	69.09	69.14	68.35	68.74	-0.67
Jul-17	69.12	69.12	68.47	68.79	-0.69
Oct-17	68.21	68.21	68.21	68.21	-0.73

Pakistan Cotton Spot rates: As on 29-September-2016
(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6050	135	6185
Equivalent	40 Kgs	6484	145	6629

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