

Domestic Fundamentals:

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

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

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	1-Oct-16	30-Sep-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	5500	5305	195
	Rajkot	B.T. Cotton	6160	6140	20
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5125	5250	-125
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton(New Crop)	5550	5525	25
	Bhiwani	Desi	4500	4500	Unch
	Adampur	B.T. Cotton	5370	5350	20
	Fatehabad	B.T. Cotton(New Crop)	5430	5350	80
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	5400	5450	-50
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	6285	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	4250	4200	50
	Hathras	Desi	4600	4900	-300
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	NA	4160	-
Karnataka	Bijapur	Bunny	NA	6335	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	1-Oct-16	30-Sep-16	
Punjab	Bhatinda	J-34	4365	4355	10
	Abohar	J-34	4350	4360	-10

	Mansa	J-34	4350	4350	Unch
	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	1-Oct-16	30-Sep-16	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	145	162	-17
	Rajkot	B.T. Cotton	1900	890	1010
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	300	400	-100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	15000	8000	7000
	Bhiwani	Desi	700	200	500
	Adampur	B.T. Cotton	680	510	170
	Fatehabad	B.T. Cotton	1200	950	250
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	1600	750	850
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	5820	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	1300	1250	50
	Hathras	Desi	500	550	-50
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	NA	10	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	1-Oct-16	30-Sep-16	
Punjab	Bhatinda	J-34	6800	5100	1700
	Abohar	J-34	1190	850	340
	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
				30-Sep-16	29-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	40600	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	44900	45200	-300
Shankar-6(105)	29mm	3.5 - 4.9	28	44800	45300	-500
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	48300	48300	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	49800	49800	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	54500	54500	Unch

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

Centre	Unit	Price		Change
		1-Oct-16	30-Sep-16	
Rajkot	Rs. /10 Kg.	690	690	Unch
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
		1-Oct-16	30-Sep-16	
Mahesana (Kadi)	Rs./Qtl	2461	2459	2
Akola	Rs./Qtl	2618	2620	-2

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 30-September-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	77.25	-0.70

USDA Cotton Spot Rates: As on 30-September-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	69.08	71.33	NIL
North Delta	67.58	70.33	NIL
South Delta	67.58	70.33	NIL
East TX-OK	67.00	69.00	4328
West Texas	65.75	67.50	NIL
Desert SW	65.33	71.33	NIL
SJ Valley	66.58	76.48	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.): Ason 30-September-2016

Contract	Open	High	Low	Close	Change
Oct-16	68.29	68.29	68.29	68.29	0.34
Dec-16	67.55	68.39	67.12	68.08	0.35
Mar-17	68.14	68.83	67.74	68.54	0.19
May-17	68.7	69.04	68.17	68.98	0.24
Jul-17	68.82	69.07	68.26	69.06	0.27
Oct-17	68.48	68.48	68.48	68.48	0.27

Pakistan Cotton Spot rates: As on30-September-2016
(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6000	135	6135
Equivalent	40 Kgs	6430	145	6575

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