

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed range –bound to firm tone on Monday.

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.

Spinning mills have asked the textile ministry to direct the Cotton Corporation of India (CCI) to procure 7 -8 million bales of the commodity during peak season on their behalf. CCI procures cotton from the farmers when prices decline below Minimum Support price (MSP) and later sold to traders and mills. India produces 33-36 million bales of cotton and almost 20 million bales are bought by large traders during the season. They partly export and partly sell this cotton to the mills at higher prices during the lean season. Different spinning mills across the country, asked the textile ministry to announce cotton fibre security policy so that low-cost working capital and adequate stocks become available.

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	+10.50	905	914.5	904	911.50	3543	1145	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	288.50	-	-
May-17	-	-	-

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

*Updated at 5:34 pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-16	+50	19880	20330	19880	20200	1461	-486	735277	413205
Nov-16	+60	18890	18940	18780	18860	672	-362	317138	172025

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Oct-16		1340		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

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

* Updated at 5:34 pm

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	3-Oct-16	1-Oct-16	
Gujarat	Ahmedabad	Shankar-6	6260	NA	-
	Gondal	Shankar-6	5405	5500	-95
	Rajkot	B.T. Cotton	6000	6160	-160
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5500	5125	375
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5310	NA	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton(New Crop)	5600	5550	50
	Bhiwani	Desi	4600	4500	100
	Adampur	B.T. Cotton	5470	5370	100
	Fatehabad	B.T. Cotton(New Crop)	5450	5430	20
	Jind	B.T. Cotton	5620	NA	-
	Uchana	B.T. Cotton	5475	NA	-
	Dabwali	B.T. Cotton	5420	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	5500	5400	100
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5760	5620	140
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	4200	4250	-50
	Hathras	Desi	4700	4600	100
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	4150	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5500	5000	500
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	3-Oct-16	1-Oct-16	
Punjab	Bhatinda	J-34	4395	4365	30
	Abohar	J-34	4390	4350	40

	Mansa	J-34	4390	4350	40
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4380	4300	80
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	3-Oct-16	1-Oct-16	
Gujarat	Ahmedabad	Shankar-6	5950	NA	-
	Gondal	Shankar-6	337	145	192
	Rajkot	B.T. Cotton	1200	1900	-700
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	2000	300	1700
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	67	NA	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	20000	15000	5000
	Bhiwani	Desi	700	700	Unch
	Adampur	B.T. Cotton	680	680	Unch
	Fatehabad	B.T. Cotton	1300	1200	100
	Jind	B.T. Cotton	25.5	NA	-
	Uchana	B.T. Cotton	630	NA	-
	Dabwali	B.T. Cotton	2000	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	2000	1600	400
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	3100	3990	-890
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	800	1300	-500
	Hathras	Desi	200	500	-300
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	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	172	110	62
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	3-Oct-16	1-Oct-16	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	1530	1190	340
	Mansa	J-34	1360	850	510
Haryana	Sirsa	J-34	2550	1700	850
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
				1-Oct-16	30-Sep-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	28900	29100	-200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	29400	29600	-200
J-34(202)	26mm	3.5 - 4.9	23	40600	40600	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	44000	44900	-900
Shankar-6(105)	29mm	3.5 - 4.9	28	44000	44800	-800
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	46000	48300	-2300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	47000	49800	-2800
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
		3-Oct-16	1-Oct-16	
Rajkot	Rs. /10 Kg.	700	690	10
New Delhi	Rs. /10 Kg.	670	660	10
Hyderabad	Rs. /10 Kg.	690	680	10
Mumbai	Rs. /10 Kg.	710	705	5

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

Centre	Unit	Price		Change
		3-Oct-16	1-Oct-16	
Mahesana (Kadi)	Rs./Qtl	2446	2461	-15
Akola	Rs./Qtl	2620	2618	2

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 03-October-2016		
Index	RMB/Ton	Change
CCIndex(328)	14925	59
CCIndex(527)	14073	15
CCIndex(229)	15213	35
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 on 01-October-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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