

Domestic Fundamentals:

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

In The News: Recent heavy rains in the cotton-growing regions of Maharashtra, Gujarat, Telangana and Karnataka during the last 10 days will help in the growth of the crop. According to the officials of the Nagpur-based Central Institute for Cotton Research (CICR), rains at this time of the year will help in increasing the yield of the crop by 10%. In North India, the growing regions are mostly irrigated and this will benefit the crop.

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	-11.50	915	916.5	898.5	901	4887	1344	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	294	-	-
May-17	-	-	-

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

*Updated at 5:22 pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-16	-70	20400	20490	20190	20250	1122	339	569999	-165278
Nov-16	-30	19010	19070	18850	18890	713	-41	321910	4772

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Oct-16		1360		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

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

* Updated at 5:22 pm

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	4-Oct-16	3-Oct-16	
Gujarat	Ahmedabad	Shankar-6	5250	5500	-250
	Gondal	Shankar-6	5255	5405	-150
	Rajkot	B.T. Cotton	5975	6000	-25
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5600	5500	100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	5310	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton(New Crop)	5600	5600	Unch
	Bhiwani	Desi	4500	4600	-100
	Adampur	B.T. Cotton	5465	5470	-5
	Fatehabad	B.T. Cotton(New Crop)	5500	5450	50
	Jind	B.T. Cotton	5640	5620	20
	Uchana	B.T. Cotton	5360	5475	-115
	Dabwali	B.T. Cotton	5355	5420	-65
Rajasthan	Hanumangarh	B.T. Cotton	5500	5500	Unch
	Rawatsar	B.T. Cotton	5400	5300	100
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5636	5760	-124
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	4200	4200	Unch
	Hathras	Desi	4700	4700	Unch
Telangana	Adilabad	Un-Ginned	4660	4650	10
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4150	4150	Unch
Karnataka	Bijapur	Bunny	6340	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5700	5500	200
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	4-Oct-16	3-Oct-16	
Punjab	Bhatinda	J-34	4430	4395	35
	Abohar	J-34	4415	4390	25

	Mansa	J-34	4315	4390	-75
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4390	4380	10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	4-Oct-16	3-Oct-16	
Gujarat	Ahmedabad	Shankar-6	2040	5950	-3910
	Gondal	Shankar-6	232	337	-105
	Rajkot	B.T. Cotton	900	1200	-300
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5000	2000	3000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	67	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	18000	20000	-2000
	Bhiwani	Desi	500	700	-200
	Adampur	B.T. Cotton	765	680	85
	Fatehabad	B.T. Cotton	1700	1300	400
	Jind	B.T. Cotton	64.6	25.5	39.1
	Uchana	B.T. Cotton	160	630	-470
	Dabwali	B.T. Cotton	2000	2000	Unch
Rajasthan	Hanumangarh	B.T. Cotton	2500	2000	500
	Rawatsar	B.T. Cotton	200	100	100
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	6160	3100	3060
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	800	800	Unch
	Hathras	Desi	200	200	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	130	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	97	172	-75
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	4-Oct-16	3-Oct-16	
Punjab	Bhatinda	J-34	7650	6800	850
	Abohar	J-34	1700	1530	170
	Mansa	J-34	1190	1360	-170
Haryana	Sirsa	J-34	2040	2550	-510
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
				3-Oct-16	1-Oct-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	28900	28900	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	29400	29400	Unch
J-34(202)	26mm	3.5 - 4.9	23	41300	40600	700
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	44500	44000	500
Shankar-6(105)	29mm	3.5 - 4.9	28	44500	44000	500
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	46500	46000	500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	47500	47000	500
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
		4-Oct-16	3-Oct-16	
Rajkot	Rs. /10 Kg.	710	700	10
New Delhi	Rs. /10 Kg.	670	670	Unch
Hyderabad	Rs. /10 Kg.	690	690	Unch
Mumbai	Rs. /10 Kg.	715	710	5

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

Centre	Unit	Price		Change
		4-Oct-16	3-Oct-16	
Mahesana (Kadi)	Rs./Qtl	2476	2446	30
Akola	Rs./Qtl	2614	2620	-6

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 04-October-2016		
Index	RMB/Ton	Change
CCIndex(328)	15088	163
CCIndex(527)	14246	173
CCIndex(229)	15406	193
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 03-October-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	77.50	0.25

USDA Cotton Spot Rates: As on 03-October-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	69.52	71.77	NIL
North Delta	68.02	70.77	NIL
South Delta	68.02	70.77	NIL
East TX-OK	67.00	69.00	2049
West Texas	65.75	67.50	10
Desert SW	65.77	71.77	NIL
SJ Valley	67.02	76.92	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 03-October-2016

Contract	Open	High	Low	Close	Change
Oct-16	68.73	68.73	68.73	68.73	0.44
Dec-16	68.10	68.66	67.20	68.52	0.44
Mar-17	68.41	69.14	67.74	69.01	0.47
May-17	68.58	69.57	68.20	69.44	0.46
Jul-17	69.00	69.65	68.35	69.53	0.47
Oct-17	68.96	68.96	68.96	68.96	0.48

Pakistan Cotton Spot rates: As on 03-October-2016
(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5950	135	6085
Equivalent	40 Kgs	6377	145	6522

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2016 Indian Agribusiness Systems Pvt. Ltd.