

## Domestic Fundamentals:

**Market Outlook:** Cotton spot prices noticed mixed tone on Thursday.

**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.

India's indigenously developed hybrid quality cotton, Shankar-6 is facing competition from African cotton and Peru Pima cotton in the global market. Lack of global branding for the medium staple high quality Shanker-6 is likely to reduce export demand in the coming days amid popularity of the Sudanese coon from Africa and Peru Pima cotton which is being promoted widely by the respective countries. According to industry sources, currently there are no standards set by the government, which could help in brand promotion.

The Indian government has restricted the sale of cotton stocks held by the Cotton Corporation of India (CCI) to micro, small and medium –sized mills following the recent increase in prices. This will help in offsetting higher input cost and applies to existing cotton stocks purchased under the Minimum Support Price. The CCI began an e-auction sale last month to those spinners registered with the Office of the Textile Commissioner and Government co-operative mills. At any point of time, the mills registered with CCI are allowed to purchase a maximum of 500 bales.

India exported 0.074 lakh bales of cotton last week (26 September -02 October 2016), which was 0.190 lakh bales previous to last week (19 -25 September 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (26 September -02 October, 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.061 lakh bales of cotton from India in the past week (26 September -02 October, 2016). Other major importers were Pakistan, Japan and U.K. and their imported volumes were 0.008 lakh bales, 0.004 lakh bales and 0.002 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.

### 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	-6.50	895	895	887.5	890	4166	83	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	310	-	-
May-17	-	-	-

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

\*Updated at 6:42 pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-16	-350	20200	20200	19870	19920	1699	-555	832619	253020
Nov-16	-270	18740	18780	18600	18610	724	-107	321781	45023

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Oct-16		1310		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

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

\* Updated at 6:42 pm

**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	6-Oct-16	5-Oct-16	
Gujarat	Ahmedabad	Shankar-6	5250	5250	Unch
	Gondal	Shankar-6	5655	5500	155
	Rajkot	B.T. Cotton	6000	5970	30
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5700	5750	-50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5275	5240	35
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton(New Crop)	5350	5500	-150
	Bhiwani	Desi	4500	4500	Unch
	Adampur	B.T. Cotton	5300	5350	-50
	Fatehabad	B.T. Cotton(New Crop)	5290	5350	-60
	Jind	B.T. Cotton	5560	5673	-113
	Uchana	B.T. Cotton	5480	5500	-20
	Dabwali	B.T. Cotton	5325	5340	-15
Rajasthan	Hanumangarh	B.T. Cotton	5350	5450	-100
	Rawatsar	B.T. Cotton	5350	5460	-110
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	5785	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	4200	4150	50
	Hathras	Desi	4550	4500	50
Telangana	Adilabad	Un-Ginned	4450	4450	Unch
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4150	4100	50
Karnataka	Bijapur	Bunny	6289	6329	-40
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6003	5780	223
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	6-Oct-16	5-Oct-16	
Punjab	Bhatinda	J-34	4350	4400	-50
	Abohar	J-34	4340	4400	-60

	Mansa	J-34	4350	4300	50
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4320	4360	-40
Rajasthan	Sri-Ganganagar	J-34	4089	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	6-Oct-16	5-Oct-16	
Gujarat	Ahmedabad	Shankar-6	850	1700	-850
	Gondal	Shankar-6	198	128	70
	Rajkot	B.T. Cotton	1300	1200	100
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	4000	4000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	50	32	18
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	10000	15000	-5000
	Bhiwani	Desi	400	600	-200
	Adampur	B.T. Cotton	850	850	Unch
	Fatehabad	B.T. Cotton	1800	2200	-400
	Jind	B.T. Cotton	30	60	-30
	Uchana	B.T. Cotton	925	1670	-745
	Dabwali	B.T. Cotton	2100	2040	60
Rajasthan	Hanumangarh	B.T. Cotton	700	3000	-2300
	Rawatsar	B.T. Cotton	300	200	100
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	3080	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	400	700	-300
	Hathras	Desi	150	350	-200
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	110	20	90
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	420	337	83
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	6-Oct-16	5-Oct-16	
Punjab	Bhatinda	J-34	8500	7650	850
	Abohar	J-34	1700	1700	Unch
	Mansa	J-34	1275	1190	85
Haryana	Sirsa	J-34	1700	2550	-850
Rajasthan	Sri-Ganganagar	J-34	1000	NA	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				5-Oct-16	4-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	41000	41300	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	44500	44500	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	44500	44500	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	46500	46500	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	47500	47500	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	55500	55000	500

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

Centre	Unit	Price		Change
		6-Oct-16	5-Oct-16	
Rajkot	Rs. /10 Kg.	725	715	10
New Delhi	Rs. /10 Kg.	685	680	5
Hyderabad	Rs. /10 Kg.	690	690	Unch
Mumbai	Rs. /10 Kg.	715	715	Unch

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

Centre	Unit	Price		Change
		6-Oct-16	5-Oct-16	
Mahesana (Kadi)	Rs./Qtl	2472	2470	2
Akola	Rs./Qtl	2604	2610	-6

### INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 06-October-2016		
Index	RMB/Ton	Change
CCIndex(328)	15228	21
CCIndex(527)	14399	23
CCIndex(229)	15529	20
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 06-October-2016		
Index	Cents/lb	Change
FC Index (S)	-	-
FC Index (M)	-	-
FC Index (L)	-	-

Cotlook Index: As on 05-October-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	79.10	1.10

USDA Cotton Spot Rates: As on 05-October-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	68.82	71.07	27
North Delta	67.32	70.07	NIL
South Delta	67.32	70.07	NIL
East TX-OK	66.75	68.75	NIL
West Texas	65.50	67.25	NIL
Desert SW	65.07	71.07	NIL
SJ Valley	66.32	76.22	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 05-October-2016**

Contract	Open	High	Low	Close	Change
<b>Oct-16</b>	68.03	68.03	68.03	68.03	<b>-1.85</b>
<b>Dec-16</b>	69.66	70.00	67.53	67.82	<b>-1.85</b>
<b>Mar-17</b>	70.09	70.37	68.10	68.36	<b>-1.74</b>
<b>May-17</b>	70.43	70.64	68.41	68.75	<b>-1.68</b>
<b>Jul-17</b>	70.44	70.64	68.65	68.81	<b>-1.64</b>
<b>Oct-17</b>	68.32	68.32	68.32	68.32	<b>-1.41</b>

**Pakistan Cotton Spot rates: As on 05-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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