

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed range –bound to weak tone on Friday.

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:

According to International Cotton Advisory Committee (ICAC), global cotton acreage is expected to decline by 1% to 30 million hectares in 2016 -17, the lowest acreage since 2009 -10. However production is expected to increase by 7% to 22.6 million tons following 9 per cent improvement in yield to 753 kg. per hectare.

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	-7.50	90	891.5	878.5	880	4031	-135	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	320	-	-
May-17	-	-	-

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)
*Updated at 7:23 pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-16	20	19790	19930	19760	19820	1033	666	493720	-338899
Nov-16	-120	18640	18740	18450	18480	860	-136	398808	77027

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

(NB: Spread Basis = Spot- Near Month Future)
* Updated at 7:23 pm

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	7-Oct-16	6-Oct-16	
Gujarat	Ahmedabad	Shankar-6	5750	5250	500
	Gondal	Shankar-6	5805	5655	150
	Rajkot	B.T. Cotton	5940	6000	-60
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5500	5700	-200
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4965	5275	-310
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton(New Crop)	5350	5350	Unch
	Bhiwani	Desi	4500	4500	Unch
	Adampur	B.T. Cotton	5200	5300	-100
	Fatehabad	B.T. Cotton(New Crop)	5150	5290	-140
	Jind	B.T. Cotton	5473	5560	-87
	Uchana	B.T. Cotton	5401	5480	-79
	Dabwali	B.T. Cotton	5145	5325	-180
Rajasthan	Hanumangarh	B.T. Cotton	NR	5350	-
	Rawatsar	B.T. Cotton	5300	5350	-50
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	4250	4200	50
	Hathras	Desi	4700	4550	150
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	4150	Unch
Karnataka	Bijapur	Bunny	6249	6289	-40
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6000	6003	-3
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	7-Oct-16	6-Oct-16	
Punjab	Bhatinda	J-34	4270	4350	-80

	Abohar	J-34	4260	4340	-80
	Mansa	J-34	4265	4350	-85
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4250	4320	-70
Rajasthan	Sri-Ganganagar	J-34	4005	4089	-85

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	7-Oct-16	6-Oct-16	
Gujarat	Ahmedabad	Shankar-6	5100	850	4250
	Gondal	Shankar-6	270	198	72
	Rajkot	B.T. Cotton	2000	1300	700
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5000	4000	1000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	20	50	-30
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	10000	10000	Unch
	Bhiwani	Desi	400	400	Unch
	Adampur	B.T. Cotton	850	850	Unch
	Fatehabad	B.T. Cotton	2100	1800	300
	Jind	B.T. Cotton	54	30	25
	Uchana	B.T. Cotton	1470	925	545
	Dabwali	B.T. Cotton	1400	2100	-700
Rajasthan	Hanumangarh	B.T. Cotton	NR	700	-
	Rawatsar	B.T. Cotton	500	300	200
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	550	400	150
	Hathras	Desi	200	150	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	110	-
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	600	420	180
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	7-Oct-16	6-Oct-16	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	1700	1700	Unch
	Mansa	J-34	1360	1275	85
Haryana	Sirsa	J-34	2040	1700	340
Rajasthan	Sri-Ganganagar	J-34	1000	1000	Unch

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				6-Oct-16	5-Oct-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	28400	28900	-500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	28900	29400	-500
J-34(202)	26mm	3.5 - 4.9	23	40300	41000	-700
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	55500	Unch

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

Centre	Unit	Price		Change
		7-Oct-16	6-Oct-16	
Rajkot	Rs. /10 Kg.	725	725	Unch
New Delhi	Rs. /10 Kg.	685	685	Unch
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
		7-Oct-16	6-Oct-16	
Mahesana (Kadi)	Rs./Qtl	2473	2472	1
Akola	Rs./Qtl	2600	2604	-4

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 07-October-2016		
Index	RMB/Ton	Change
CCIndex(328)	15269	41
CCIndex(527)	14429	30
CCIndex(229)	15550	21
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 06-October-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	77.30	-1.80

USDA Cotton Spot Rates: As on 06-October-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	68.50	70.75	NIL
North Delta	67.00	69.75	NIL
South Delta	67.00	69.75	NIL
East TX-OK	66.75	68.75	572
West Texas	65.50	67.25	34
Desert SW	64.75	70.75	NIL
SJ Valley	66.00	75.90	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 06-October-2016

Contract	Open	High	Low	Close	Change
Oct-16	68.12	68.12	67.71	67.71	-0.32
Dec-16	67.50	68.00	66.85	67.50	-0.32
Mar-17	68.13	68.55	67.45	68.10	-0.26
May-17	68.51	68.92	68.00	68.55	-0.20
Jul-17	68.80	69.07	68.17	68.73	-0.08
Oct-17	68.17	68.17	68.17	68.17	-0.15

Pakistan Cotton Spot rates: As on 06-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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