

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed steady to weak tone on Saturday.

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	-	-	-	-	-	-	-	-	-
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	-	-	-
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	-	-	-	-	-	-	-	-	-
Nov-16	-	-	-	-	-	-	-	-	-

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Oct-16		-		-	-	-
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	8-Oct-16	7-Oct-16	
Gujarat	Ahmedabad	Shankar-6	5625	5750	-125
	Gondal	Shankar-6	5755	5805	-50
	Rajkot	B.T. Cotton	5970	5940	30
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5500	5500	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4840	4965	-125
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton(New Crop)	5200	5350	-150
	Bhiwani	Desi	4400	4500	-100
	Adampur	B.T. Cotton	5200	5200	Unch
	Fatehabad	B.T. Cotton(New Crop)	5125	5150	-25
	Jind	B.T. Cotton	5374	5473	-99
	Uchana	B.T. Cotton	5190	5401	-211
	Dabwali	B.T. Cotton	5120	5145	-25
Rajasthan	Hanumangarh	B.T. Cotton	5300	5400	-100
	Rawatsar	B.T. Cotton	5230	5300	-70
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	4250	Unch
	Hathras	Desi	4700	4700	Unch
Telangana	Adilabad	Un-Ginned	4460	4450	10
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	4150	-
Karnataka	Bijapur	Bunny	NA	6249	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5900	6000	-100
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	8-Oct-16	7-Oct-16	
Punjab	Bhatinda	J-34	4230	4270	-40

	Abohar	J-34	4220	4260	-40
	Mansa	J-34	4260	4265	-5
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4170	4250	-80
Rajasthan	Sri-Ganganagar	J-34	4005	4005	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	8-Oct-16	7-Oct-16	
Gujarat	Ahmedabad	Shankar-6	5100	5100	Unch
	Gondal	Shankar-6	181	270	-89
	Rajkot	B.T. Cotton	1600	2000	-400
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5000	5000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	19	20	-1
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	15000	10000	5000
	Bhiwani	Desi	200	400	-200
	Adampur	B.T. Cotton	1360	850	510
	Fatehabad	B.T. Cotton	2200	2100	100
	Jind	B.T. Cotton	68	54	14
	Uchana	B.T. Cotton	1200	1470	-270
	Dabwali	B.T. Cotton	700	1400	-700
Rajasthan	Hanumangarh	B.T. Cotton	3000	4000	-1000
	Rawatsar	B.T. Cotton	500	500	Unch
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	550	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	NA	NA	-
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	577	600	-23
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	8-Oct-16	7-Oct-16	
Punjab	Bhatinda	J-34	10200	8500	1700
	Abohar	J-34	1700	1700	Unch
	Mansa	J-34	1190	1360	-170
Haryana	Sirsa	J-34	2550	2040	510
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
				7-Oct-16	6-Oct-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	27900	28400	-500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	28400	28900	-500
J-34(202)	26mm	3.5 - 4.9	23	39500	40300	-800
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
		8-Oct-16	7-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
		8-Oct-16	7-Oct-16	
Mahesana (Kadi)	Rs./Qtl	2480	2472	8
Akola	Rs./Qtl	2591	2604	-13

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 08-October-2016		
Index	RMB/Ton	Change
CCIndex(328)	15309	40
CCIndex(527)	14528	99
CCIndex(229)	15599	49
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 07-October-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	77.05	-0.25

USDA Cotton Spot Rates: As on 07-October-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	67.98	70.23	NIL
North Delta	66.48	69.23	NIL
South Delta	66.48	69.23	NIL
East TX-OK	66.25	68.25	1038
West Texas	65.00	66.75	NIL
Desert SW	64.23	70.23	NIL
SJ Valley	65.48	75.38	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 07-October-2016

Contract	Open	High	Low	Close	Change
Oct-16	67.19	67.19	67.19	67.19	-0.52
Dec-16	67.67	68.10	66.91	66.98	-0.52
Mar-17	68.12	68.54	67.54	67.62	-0.48
May-17	68.72	68.82	67.91	67.95	-0.60
Jul-17	68.88	69.00	68.12	68.18	-0.55
Oct-17	67.73	67.73	67.73	67.73	-0.44

Pakistan Cotton Spot rates: As on 07-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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