

## Domestic Fundamentals:

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

**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.

The ongoing rivalry between India and Pakistan is likely to affect exports to Pakistan. Pakistan is the largest buyer of Indian cotton and the world's third largest consumer. At the moment there is no cotton trade. According to sources, there has been no inquiry during the last few days. Indian exporters are also not willing to export to Pakistan and looking for different markets. According to trade sources, India could export around 5 million bales in the 2016/17 crop year, but exports could decline to 3 million bales without Pakistani imports.

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	-8.00	883	885	870	873	5195	1164	364704	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	302	-	-
May-17	-	-	-

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)  
\*Updated at 5:07 pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-16	-220	19880	19880	19400	19640	1882	-849	922712	428992
Nov-16	-10	18610	18670	18350	18530	1305	-445	605823	207015

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	---			-	-	-
Oct-16		1110		-	-	-
Nov-16			-	-	-	-
	---			-	-	-

(NB: Spread Basis = Spot- Near Month Future)  
\* Updated at 5:07 pm

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

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	10-Oct-16	8-Oct-16	
Gujarat	Ahmedabad	Shankar-6	5400	5625	-225
	Gondal	Shankar-6	5505	5755	-250
	Rajkot	B.T. Cotton	5875	5970	-95
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5500	5500	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5185	4840	345
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton(New Crop)	5300	5200	100
	Bhiwani	Desi	4200	4400	-200
	Adampur	B.T. Cotton	5025	5200	-175
	Fatehabad	B.T. Cotton(New Crop)	5050	5125	-75
	Jind	B.T. Cotton	5350	5374	-24
	Uchana	B.T. Cotton	5190	5342	-152
	Dabwali	B.T. Cotton	5075	5120	-45
Rajasthan	Hanumangarh	B.T. Cotton	5200	5300	-100
	Rawatsar	B.T. Cotton	5100	5230	-130
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	4995	5500	-505
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	4450	4460	-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	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5900	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	10-Oct-16	8-Oct-16	
Punjab	Bhatinda	J-34	4110	4230	-120

	Abohar	J-34	4100	4220	<b>-120</b>
	Mansa	J-34	4100	4260	<b>-160</b>
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
<b>Haryana</b>	Sirsa	J-34	4050	4170	<b>-120</b>
<b>Rajasthan</b>	Sri-Ganganagar	J-34	3798	4005	<b>-207</b>

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
	State	Centre	Variety	10-Oct-16	
<b>Gujarat</b>	Ahmedabad	Shankar-6	11900	5100	<b>6800</b>
	Gondal	Shankar-6	260	181	<b>79</b>
	Rajkot	B.T. Cotton	2000	1600	<b>400</b>
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	3000	5000	<b>-2000</b>
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	108	19	<b>89</b>
<b>Punjab</b>	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
<b>Haryana</b>	Bhiwani	B.T. Cotton	6000	15000	<b>-9000</b>
	Bhiwani	Desi	400	200	<b>200</b>
	Adampur	B.T. Cotton	1530	1360	<b>170</b>
	Fatehabad	B.T. Cotton	1500	2200	<b>-700</b>
	Jind	B.T. Cotton	85	68	<b>17</b>
	Uchana	B.T. Cotton	1420	1660	<b>-240</b>
	Dabwali	B.T. Cotton	1060	700	<b>360</b>
<b>Rajasthan</b>	Hanumangarh	B.T. Cotton	3000	3000	<b>Unch</b>
	Rawatsar	B.T. Cotton	300	500	<b>-200</b>
<b>Madhya Pradesh</b>	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	4050	1390	<b>2660</b>
<b>Maharashtra</b>	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	550	550	<b>Unch</b>
	Hathras	Desi	200	200	<b>Unch</b>
<b>Telangana</b>	Adilabad	Un-Ginned	NA	NA	-
<b>Andhra Pradesh</b>	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
<b>Karnataka</b>	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	577	-
<b>Commodity</b>	<b>Lint</b>		<b>Arrivals (Quintal)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>10-Oct-16</b>	<b>8-Oct-16</b>	
<b>Punjab</b>	Bhatinda	J-34	11050	10200	850
	Abohar	J-34	1700	1700	Unch
	Mansa	J-34	1190	1190	Unch
<b>Haryana</b>	Sirsa	J-34	2550	2550	Unch
<b>Rajasthan</b>	Sri-Ganganagar	J-34	1500	1000	500

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				8-Oct-16	7-Oct-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	27900	27900	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	28400	28400	Unch
J-34(202)	26mm	3.5 - 4.9	23	38800	39500	-700
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	44200	44500	-300
Shankar-6(105)	29mm	3.5 - 4.9	28	44200	44500	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	46200	46500	-300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	47200	47500	-300
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
		10-Oct-16	8-Oct-16	
Rajkot	Rs. /10 Kg.	720	725	-5
New Delhi	Rs. /10 Kg.	680	685	-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
		10-Oct-16	8-Oct-16	
Mahesana (Kadi)	Rs./Qtl	2427	2480	-53

Akola	Rs./Qtl	2590	2591	<b>-1</b>
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**INTERNATIONAL PRICES AND INDICES**

<b>China Cotton Index: As on 10-October-2016</b>		
Index	RMB/Ton	Change
CCIndex(328)	15418	<b>66</b>
CCIndex(527)	14605	<b>36</b>
CCIndex(229)	15682	<b>27</b>

RMB -Renminbi, 1RMB =0.16 \$U.S.

<b>China Foreign Cotton (FCE) Index : As on 10-October-2016</b>		
Index	Cents/lb	Change
FC Index (S)	80.09	<b>-0.77</b>
FC Index (M)	77.13	<b>-0.86</b>
FC Index (L)	75.04	<b>-0.54</b>

<b>Cotlook Index: As on 07-October-2016</b>		
Cotlook Indices	Cents/Pound	Change
A-Index	77.05	<b>-0.25</b>

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

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

<b>ICE Cotton Futures (Prices in cents/lb.): As on 07-October-2016</b>					
<b>Contract</b>	<b>Open</b>	<b>High</b>	<b>Low</b>	<b>Close</b>	<b>Change</b>
<b>Oct-16</b>	67.19	67.19	67.19	67.19	<b>-0.52</b>
<b>Dec-16</b>	67.67	68.10	66.91	66.98	<b>-0.52</b>
<b>Mar-17</b>	68.12	68.54	67.54	67.62	<b>-0.48</b>
<b>May-17</b>	68.72	68.82	67.91	67.95	<b>-0.60</b>
<b>Jul-17</b>	68.88	69.00	68.12	68.18	<b>-0.55</b>
<b>Oct-17</b>	67.73	67.73	67.73	67.73	<b>-0.44</b>

<b>Pakistan Cotton Spot rates: As on 08-October-2016</b>				<b>(in Pakistan Rupees)</b>
<b>Product</b>	<b>Rate for</b>	<b>Ex-Gin Price</b>	<b>Up Country Sales</b>	<b>Spot Rate Karachi</b>
Cotton	37.32 Kgs	5975	135	6110
Equivalent	40 Kgs	6403	145	6548

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