

Domestic Fundamentals:

Market Outlook: Cotton spot prices witnessed mostly steady to weak tone on Wednesday.

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 0.054 lakh bales of cotton last week (03 -08 October 2016), which was 0.074 lakh bales previous to last week (26 September -02 October 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (03 -08 October, 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.046 lakh bales of cotton from India in the past week (03 -08 October, 2016). Other major importers were Pakistan and Japan and their imported volumes were 0.006 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 5:07 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 5:07 pm

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	12-Oct-16	10-Oct-16	
Gujarat	Ahmedabad	Shankar-6	5400	5400	Unch
	Gondal	Shankar-6	Closed	5505	-
	Rajkot	B.T. Cotton	5470	5875	-405
	Patan	B.T. Cotton	5870	NA	-
	Kadi	B.T. Cotton	5350	5500	-150
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5205	5185	20
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton(New Crop)	5050	5300	-250
	Bhiwani	Desi	4500	4200	300
	Adampur	B.T. Cotton	4950	5025	-75
	Fatehabad	B.T. Cotton(New Crop)	4915	5050	-135
	Jind	B.T. Cotton	5170	5350	-180
	Uchana	B.T. Cotton	4950	5190	-240
	Dabwali	B.T. Cotton	4925	5075	-150
Rajasthan	Hanumangarh	B.T. Cotton	5000	5200	-200
	Rawatsar	B.T. Cotton	5000	5100	-100
Madhya Pradesh	Khandwa	Mech-1	Closed	NA	-
	Khargaon	Mech-1	Closed	4995	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	4150	4250	-100
	Hathras	Desi	4300	4700	-400
Telangana	Adilabad	Un-Ginned	4410	4450	-40
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	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	12-Oct-16	10-Oct-16	
Punjab	Bhatinda	J-34	4070	4110	-40
	Abohar	J-34	4050	4100	-50

	Mansa	J-34	4070	4100	-30
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4040	4050	-10
Rajasthan	Sri-Ganganagar	J-34	3760	3798	-38

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	12-Oct-16	10-Oct-16	
Gujarat	Ahmedabad	Shankar-6	8500	11900	-3400
	Gondal	Shankar-6	Closed	260	-
	Rajkot	B.T. Cotton	2200	2000	200
	Patan	B.T. Cotton	4940	NA	-
	Kadi	B.T. Cotton	5000	3000	2000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	109	108	1
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	20000	6000	14000
	Bhiwani	Desi	200	400	-200
	Adampur	B.T. Cotton	1530	1530	Unch
	Fatehabad	B.T. Cotton	1200	1500	-300
	Jind	B.T. Cotton	39	85	-46
	Uchana	B.T. Cotton	710	1420	-710
	Dabwali	B.T. Cotton	550	1060	-510
Rajasthan	Hanumangarh	B.T. Cotton	3000	3000	Unch
	Rawatsar	B.T. Cotton	100	300	-200
Madhya Pradesh	Khandwa	Mech-1	Closed	NA	-
	Khargaon	Mech-1	Closed	4050	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	750	550	200
	Hathras	Desi	350	200	150
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	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	12-Oct-16	10-Oct-16	
Punjab	Bhatinda	J-34	10200	11050	-850
	Abohar	J-34	2210	1700	510
	Mansa	J-34	1020	1190	-170
Haryana	Sirsa	J-34	1700	2550	-850
Rajasthan	Sri-Ganganagar	J-34	1500	1500	Unch

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				10-Oct-16	8-Oct-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	26900	27900	-1000
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	27900	28400	-500
J-34(202)	26mm	3.5 - 4.9	23	37800	38800	-1000
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42600	44200	-1600
Shankar-6(105)	29mm	3.5 - 4.9	28	42700	44200	-1500
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44200	46200	-2000
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44600	47200	-2600
DCH-32(107)	34mm	3.0 - 3.8	33	54500	55500	-1000

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

Centre	Unit	Price		Change
		12-Oct-16	10-Oct-16	
Rajkot	Rs. /10 Kg.	720	720	Unch
New Delhi	Rs. /10 Kg.	680	680	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
		12-Oct-16	10-Oct-16	
Mahesana (Kadi)	Rs./Qtl	2429	2427	2
Akola	Rs./Qtl	2583	2590	-7

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 12-October-2016</u>		
Index	RMB/Ton	Change
CCIndex(328)	15417	-2
CCIndex(527)	14611	Unch
CCIndex(229)	15687	Unch
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 12-October-2016</u>		
Index	Cents/lb	Change
FC Index (S)	80.14	-4.32
FC Index (M)	77.44	-0.17
FC Index (L)	75.46	-0.09

<u>Cotlook Index: As on 11-October-2016</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	76.95	0.40

<u>USDA Cotton Spot Rates: As on 11-October-2016</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	68.14	70.39	NIL
North Delta	66.64	69.39	NIL
South Delta	66.64	69.39	NIL
East TX-OK	66.25	68.25	2798
West Texas	65.00	66.75	NIL
Desert SW	64.39	70.39	NIL
SJ Valley	65.64	75.54	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 11-October-2016

Contract	Open	High	Low	Close	Change
Oct-16	67.70	68.04	67.02	67.15	-0.22
Dec-16	68.35	68.64	67.65	67.72	-0.28
Mar-17	68.79	68.97	68.01	68.09	-0.32
May-17	69.05	69.18	68.22	68.33	-0.38
Jul-17	67.82	67.82	67.82	67.82	-0.38
Oct-17	69.25	69.25	68.34	68.55	0.46

Pakistan Cotton Spot rates: As on 10-October-2016
(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5925	135	6060
Equivalent	40 Kgs	6350	145	6495

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