

## Domestic Fundamentals:

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

**In The News:** India's cotton yarn exports declined 4.4 percent in terms of volume and 11.58 per cent in value terms during April –June 2016. This is mainly due to decline in exports to China. China imported 149.66 mkg of cotton yarn during the first three months of last financial year (2015-2016) and it dropped to 99.09 mkg during the same period this year. Total cotton yarn exports from India used to be 140 mkg a month and it has dropped to about 100 mkg now.

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.

According to the latest report on cost of cotton production by International Cotton Advisory Committee (ICAC), insect control costs are declining. On an average a farmer spends 12 US cents per kilogram of lint produced in 2015 -16, which is around 10 per cent of the net cost of lint production as against 16 US cents in the 2012-13 season. Costs have declined mainly due to more cautious use of insecticides by farmers.

According to USDA latest report, global 2016/17 cotton ending stocks are revised down this month. World 2016-17 cotton production is projected at 102.69 million bales, around 6.6 per cent above last season. World ending stocks are now projected lower at 87.35 million bales. For India, production is forecast at 26.50 million bales, same as previous month's estimates and India's crop is estimated 0.38 per cent above 2015/16.

### 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	+7.00	864	867.5	858	866.50	3954	2034	12673	-213
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	215.50	-	-
May-17	-	-	-

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

\*Updated at 5:04 pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-16	+100	19400	19500	19250	19400	1083	799	2700	-397
Nov-16	+210	18540	18640	18460	18600	1196	109	3661	4

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Oct-16		800		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

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

\* Updated at 5:04 pm

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

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	13-Oct-16	12-Oct-16	
Gujarat	Ahmedabad	Shankar-6	5300	5400	-100
	Gondal	Shankar-6	5655	Closed	-
	Rajkot	B.T. Cotton	5410	5470	-60
	Patan	B.T. Cotton	5620	5870	-250
	Kadi	B.T. Cotton	5250	5350	-100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4810	5205	-395
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton(New Crop)	5000	5050	-50
	Bhiwani	Desi	4500	4500	Unch
	Adampur	B.T. Cotton	4860	4950	-90
	Fatehabad	B.T. Cotton(New Crop)	4860	4915	-55
	Jind	B.T. Cotton	5115	5170	-55
	Uchana	B.T. Cotton	5250	4950	300
	Dabwali	B.T. Cotton	4910	4925	-15
Rajasthan	Hanumangarh	B.T. Cotton	4900	5000	-100
	Rawatsar	B.T. Cotton	4900	5000	-100
Madhya Pradesh	Khandwa	Mech-1	NA	Closed	-
	Khargaon	Mech-1	NA	Closed	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	4100	4150	-50
	Hathras	Desi	4300	4300	Unch
Telangana	Adilabad	Un-Ginned	4450	4410	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	5400	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	13-Oct-16	12-Oct-16	
Punjab	Bhatinda	J-34	3975	4070	-95
	Abohar	J-34	3980	4050	-70

	Mansa	J-34	3970	4070	-100
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	3940	4040	-100
Rajasthan	Sri-Ganganagar	J-34	3760	3760	Unch

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	13-Oct-16	12-Oct-16	
Gujarat	Ahmedabad	Shankar-6	13600	8500	5100
	Gondal	Shankar-6	697	Closed	-
	Rajkot	B.T. Cotton	2100	2200	-100
	Patan	B.T. Cotton	8800	4940	3860
	Kadi	B.T. Cotton	5000	5000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	119	109	10
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	23000	20000	3000
	Bhiwani	Desi	200	200	Unch
	Adampur	B.T. Cotton	1530	1530	Unch
	Fatehabad	B.T. Cotton	1100	1200	-100
	Jind	B.T. Cotton	80	39	41
	Uchana	B.T. Cotton	955	710	245
	Dabwali	B.T. Cotton	700	550	150
Rajasthan	Hanumangarh	B.T. Cotton	3000	3000	Unch
	Rawatsar	B.T. Cotton	400	100	300
Madhya Pradesh	Khandwa	Mech-1	NA	Closed	-
	Khargaon	Mech-1	NA	Closed	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	1500	750	750
	Hathras	Desi	850	350	500
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	465	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	13-Oct-16	12-Oct-16	
Punjab	Bhatinda	J-34	11050	10200	850
	Abohar	J-34	2550	2210	340
	Mansa	J-34	935	1020	-85
Haryana	Sirsa	J-34	2040	1700	340
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
				12-Oct-16	10-Oct-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	27200	26900	300
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	28200	27900	300
J-34(202)	26mm	3.5 - 4.9	23	37400	37800	-400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41100	42600	-1500
Shankar-6(105)	29mm	3.5 - 4.9	28	41700	42700	-1000
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42700	44200	-1500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43100	44600	-1500
DCH-32(107)	34mm	3.0 - 3.8	33	54000	54500	-500

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

Centre	Unit	Price		Change
		13-Oct-16	12-Oct-16	
Rajkot	Rs. /10 Kg.	720	720	Unch
New Delhi	Rs. /10 Kg.	685	680	5
Hyderabad	Rs. /10 Kg.	690	690	Unch
Mumbai	Rs. /10 Kg.	720	715	5

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

Centre	Unit	Price		Change
		13-Oct-16	12-Oct-16	
Mahesana (Kadi)	Rs./Qtl	2362	2429	-67
Akola	Rs./Qtl	2556	2583	-27

**INTERNATIONAL PRICES AND INDICES**

<u><b>China Cotton Index: As on 13-October-2016</b></u>		
<b>Index</b>	<b>RMB/Ton</b>	<b>Change</b>
CCIndex(328)	15416	<b>-1</b>
CCIndex(527)	14599	<b>-12</b>
CCIndex(229)	15687	<b>Unch</b>
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u><b>China Foreign Cotton (FCE) Index : As on 13-October-2016</b></u>		
<b>Index</b>	<b>Cents/lb</b>	<b>Change</b>
FC Index (S)	82.00	<b>1.86</b>
FC Index (M)	79.11	<b>1.67</b>
FC Index (L)	76.75	<b>1.29</b>

<u><b>Cotlook Index: As on 12-October-2016</b></u>		
<b>Cotlook Indices</b>	<b>Cents/Pound</b>	<b>Change</b>
A-Index	76.70	<b>-0.25</b>

<u><b>USDA Cotton Spot Rates: As on 12-October-2016</b></u>			
<b>Growth Area</b>	<b>Leaf 4 to Staple 34</b>	<b>Leaf 3 to Staple 35</b>	<b>Arrivals</b>
	<b>cents/lb.</b>		<b>Bales</b>
<b>Southeast</b>	69.97	72.22	<b>NIL</b>
<b>North Delta</b>	68.47	71.22	<b>NIL</b>
<b>South Delta</b>	68.47	71.22	<b>NIL</b>
<b>East TX-OK</b>	68.00	70.00	<b>1034</b>
<b>West Texas</b>	66.75	68.50	<b>NIL</b>
<b>Desert SW</b>	66.22	72.22	<b>NIL</b>
<b>SJ Valley</b>	67.47	77.37	<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

**ICE Cotton Futures (Prices in cents/lb.): As on 12-October-2016**

Contract	Open	High	Low	Close	Change
<b>Dec-16</b>	67.14	69.79	66.76	68.97	<b>1.83</b>
<b>Mar-17</b>	67.83	70.10	67.36	69.39	<b>1.67</b>
<b>May-17</b>	68.00	70.40	67.74	69.67	<b>1.60</b>
<b>Jul-17</b>	68.30	70.41	68.00	69.84	<b>1.53</b>
<b>Oct-17</b>	69.14	69.14	69.14	69.14	<b>1.32</b>
<b>Dec-17</b>	68.14	70.00	67.83	69.53	<b>1.36</b>

**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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