

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed mixed tone on Friday.

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 the recent report by USDA released this month, by 2017 US cotton surplus estimates are likely to be lower by 12% than projected last month amid increasing prices and larger-than-expected purchases in China. Inventories as on 31 July, 2017 are estimated to be 4.3 million bales according to USDA.

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	+10.50	873	884	867.5	883	5014	1060	13087	414
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	205.00	-	-
May-17	-	-	-

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

*Updated at 7:32 pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-16	+520	19560	20060	19450	20030	1553	-470	2437	-263
Nov-16	+280	18740	19020	18690	19000	1490	-294	4087	426

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Oct-16		1030		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

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

* Updated at 7:32 pm

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	14-Oct-16	13-Oct-16	
Gujarat	Ahmedabad	Shankar-6	5375	5300	75
	Gondal	Shankar-6	5255	5655	-400
	Rajkot	B.T. Cotton	5440	5410	30
	Patan	B.T. Cotton	5575	5620	-45
	Kadi	B.T. Cotton	5000	5250	-250
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5000	4810	190
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5100	5000	100
	Bhiwani	Desi	4500	4500	Unch
	Adampur	B.T. Cotton	4970	4860	110
	Fatehabad	B.T. Cotton	4960	4860	100
	Jind	B.T. Cotton	5145	5115	30
	Uchana	B.T. Cotton	4970	5250	-280
	Dabwali	B.T. Cotton	5000	4910	90
Rajasthan	Hanumangarh	B.T. Cotton	5000	4900	100
	Rawatsar	B.T. Cotton	4925	4900	25
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5300	NA	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	4100	4100	Unch
	Hathras	Desi	4300	4300	Unch
Telangana	Adilabad	Un-Ginned	4300	4450	-150
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	5510	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5375	5400	-25
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	14-Oct-16	13-Oct-16	
Punjab	Bhatinda	J-34	4000	3975	25
	Abohar	J-34	4000	3980	20

	Mansa	J-34	4000	3970	30
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	3960	3940	20
Rajasthan	Sri-Ganganagar	J-34	3704	3760	-56

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	14-Oct-16	13-Oct-16	
Gujarat	Ahmedabad	Shankar-6	25500	13600	11900
	Gondal	Shankar-6	498	697	-199
	Rajkot	B.T. Cotton	2400	2100	300
	Patan	B.T. Cotton	10425	8800	1625
	Kadi	B.T. Cotton	7000	5000	2000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	113	119	-6
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	16000	23000	-7000
	Bhiwani	Desi	100	200	-100
	Adampur	B.T. Cotton	1445	1530	-85
	Fatehabad	B.T. Cotton	1100	1100	Unch
	Jind	B.T. Cotton	40	80	-40
	Uchana	B.T. Cotton	1020	955	65
	Dabwali	B.T. Cotton	600	700	-100
Rajasthan	Hanumangarh	B.T. Cotton	3000	3000	Unch
	Rawatsar	B.T. Cotton	1000	400	600
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	1080	NA	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	1500	1500	Unch
	Hathras	Desi	850	850	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	20	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	915	465	450
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	14-Oct-16	13-Oct-16	
Punjab	Bhatinda	J-34	9350	11050	-1700
	Abohar	J-34	1700	2550	-850
	Mansa	J-34	850	935	-85
Haryana	Sirsa	J-34	2550	2040	510
Rajasthan	Sri-Ganganagar	J-34	200	1500	-1300

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				13-Oct-16	12-Oct-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	27200	27200	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	28200	28200	Unch
J-34(202)	26mm	3.5 - 4.9	23	37000	37400	-400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40600	41100	-500
Shankar-6(105)	29mm	3.5 - 4.9	28	41200	41700	-500
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42200	42700	-500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42600	43100	-500
DCH-32(107)	34mm	3.0 - 3.8	33	54000	54000	Unch

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

Centre	Unit	Price		Change
		14-Oct-16	13-Oct-16	
Rajkot	Rs. /10 Kg.	725	720	5
New Delhi	Rs. /10 Kg.	680	685	-5
Hyderabad	Rs. /10 Kg.	670	690	-20
Mumbai	Rs. /10 Kg.	720	720	Unch

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

Centre	Unit	Price		Change
		14-Oct-16	13-Oct-16	
Mahesana (Kadi)	Rs./Qtl	2370	2362	8
Akola	Rs./Qtl	2536	2556	-20

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 14-October-2016</u>		
Index	RMB/Ton	Change
CCIndex(328)	15348	-68
CCIndex(527)	14580	-19
CCIndex(229)	15642	-45
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 14-October-2016</u>		
Index	Cents/lb	Change
FC Index (S)	82.18	0.18
FC Index (M)	79.38	0.27
FC Index (L)	77.08	0.33

<u>Cotlook Index: As on 13-October-2016</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	78.45	1.75

<u>USDA Cotton Spot Rates: As on 13-October-2016</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	70.31	72.56	NIL
North Delta	68.81	71.56	NIL
South Delta	68.81	71.56	NIL
East TX-OK	67.50	69.50	NIL
West Texas	66.75	68.50	37
Desert SW	66.56	72.56	NIL
SJ Valley	67.81	77.71	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 13-October-2016

Contract	Open	High	Low	Close	Change
Dec-16	68.71	70.05	68.40	69.31	0.34
Mar-17	69.43	70.35	68.86	69.74	0.35
May-17	69.41	70.63	69.16	70.00	0.33
Jul-17	69.54	70.69	69.28	70.14	0.30
Oct-17	69.36	69.36	69.36	69.36	0.22
Dec-17	69.25	70.15	69.13	69.77	0.24

Pakistan Cotton Spot rates: As on 13-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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