

**Domestic Fundamentals:**

**Market Outlook:** Cotton spot prices noticed firm tone on Saturday.

**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	-	-	-	-	-	-	-	-	-
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 7:32 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 7:32 pm

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

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	15-Oct-16	14-Oct-16	
Gujarat	Ahmedabad	Shankar-6	5375	5375	Unch
	Gondal	Shankar-6	5505	5255	250
	Rajkot	B.T. Cotton	5555	5440	115
	Patan	B.T. Cotton	5640	5575	65
	Kadi	B.T. Cotton	5500	5000	500
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5125	5000	125
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5250	5100	150
	Bhiwani	Desi	4500	4500	Unch
	Adampur	B.T. Cotton	5130	4970	160
	Fatehabad	B.T. Cotton	5110	4960	150
	Jind	B.T. Cotton	5380	5145	235
	Uchana	B.T. Cotton	5085	4970	115
	Dabwali	B.T. Cotton	5050	5000	50
Rajasthan	Hanumangarh	B.T. Cotton	5100	5000	100
	Rawatsar	B.T. Cotton	4950	4925	25
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5400	5300	100
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	4100	4100	Unch
	Hathras	Desi	4400	4300	100
Telangana	Adilabad	Un-Ginned	4350	4300	50
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	5510	5510	Unch
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5375	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	15-Oct-16	14-Oct-16	
Punjab	Bhatinda	J-34	4040	4000	40
	Abohar	J-34	4050	4000	50

	Mansa	J-34	4050	4000	50
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4020	3960	60
Rajasthan	Sri-Ganganagar	J-34	3760	3704	56

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	15-Oct-16	14-Oct-16	
Gujarat	Ahmedabad	Shankar-6	30600	25500	5100
	Gondal	Shankar-6	375	498	-123
	Rajkot	B.T. Cotton	2350	2400	-50
	Patan	B.T. Cotton	12210	10425	1785
	Kadi	B.T. Cotton	10000	7000	3000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	83	113	-30
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	15000	16000	-1000
	Bhiwani	Desi	200	100	100
	Adampur	B.T. Cotton	1700	1445	255
	Fatehabad	B.T. Cotton	1600	1100	500
	Jind	B.T. Cotton	54	40	14
	Uchana	B.T. Cotton	850	1020	-170
	Dabwali	B.T. Cotton	625	600	25
Rajasthan	Hanumangarh	B.T. Cotton	2500	3000	-500
	Rawatsar	B.T. Cotton	800	1000	-200
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	6400	1080	5320
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	1500	1500	Unch
	Hathras	Desi	700	850	-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	20	20	Unch
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	NA	915	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	15-Oct-16	14-Oct-16	
Punjab	Bhatinda	J-34	10200	9350	850
	Abohar	J-34	1700	1700	Unch
	Mansa	J-34	850	850	Unch
Haryana	Sirsa	J-34	2040	2550	-510
Rajasthan	Sri-Ganganagar	J-34	1000	200	800

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				14-Oct-16	13-Oct-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	27400	27200	200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	28400	28200	200
J-34(202)	26mm	3.5 - 4.9	23	37100	37000	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40100	40600	-500
Shankar-6(105)	29mm	3.5 - 4.9	28	41300	41200	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	41700	42200	-500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42700	42600	100
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
		15-Oct-16	14-Oct-16	
Rajkot	Rs. /10 Kg.	725	725	Unch
New Delhi	Rs. /10 Kg.	690	680	10
Hyderabad	Rs. /10 Kg.	670	670	Unch
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
		15-Oct-16	14-Oct-16	
Mahesana (Kadi)	Rs./Qtl	2370	2370	Unch
Akola	Rs./Qtl	2522	2536	-14

**INTERNATIONAL PRICES AND INDICES**

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

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

<u><b>Cotlook Index: As on 14-October-2016</b></u>		
<b>Cotlook Indices</b>	<b>Cents/Pound</b>	<b>Change</b>
A-Index	78.70	<b>0.25</b>

<u><b>USDA Cotton Spot Rates: As on 14-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>	71.57	73.82	<b>NIL</b>
<b>North Delta</b>	70.07	72.82	<b>NIL</b>
<b>South Delta</b>	70.07	72.82	<b>NIL</b>
<b>East TX-OK</b>	68.75	70.75	<b>2532</b>
<b>West Texas</b>	68.00	69.75	<b>592</b>
<b>Desert SW</b>	67.82	73.82	<b>NIL</b>
<b>SJ Valley</b>	69.07	78.97	<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 14-October-2016**

Contract	Open	High	Low	Close	Change
<b>Dec-16</b>	69.60	70.74	69.31	70.57	<b>1.26</b>
<b>Mar-17</b>	69.87	70.98	69.77	70.89	<b>1.15</b>
<b>May-17</b>	70.23	71.25	70.07	71.19	<b>1.19</b>
<b>Jul-17</b>	70.35	71.37	70.21	71.32	<b>1.18</b>
<b>Oct-17</b>	70.52	70.52	70.52	70.52	<b>1.16</b>
<b>Dec-17</b>	70.01	70.92	70.01	70.74	<b>0.97</b>

**Pakistan Cotton Spot rates: As on 14-October-2016**

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5975	135	6110
Equivalent	40 Kgs	6403	145	6548

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