

Domestic Fundamentals:

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

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:

Bangladesh imported 6.2 million bales of cotton in 2015 -16. According to the USDA, Bangladesh imports are likely to increase to 6.3 million bales in 2016 -17. This will increase Bangladesh's share of global imports to 18 per cent which is more than double its share seen five years ago. Other major importers in 2015-16 were Vietnam, China and Turkey.

Georgia is the second largest producer of cotton in the US. However drought condition prevailing during the last few days is likely to affect the crop. Around one -third of the land is dry in Georgia. According to trade sources, rainfall is around 10 inches behind this year.

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	-12.50	89	889.5	875	881.50	5047	33	13786	699
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	235.50	-	-
May-17	-	-	-

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

*Updated at 8:04 pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-16	520	19960	20020	19710	19920	1431	122	2366	-71
Nov-16	280	18910	18980	18740	18860	1552	-62	4254	167

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Oct-16		1060		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

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

* Updated at 8:04 pm

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	17-Oct-16	15-Oct-16	
Gujarat	Ahmedabad	Shankar-6	5375	5375	Unch
	Gondal	Shankar-6	5505	5505	Unch
	Rajkot	B.T. Cotton	5585	5555	30
	Patan	B.T. Cotton	5650	5640	10
	Kadi	B.T. Cotton	5500	5500	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5140	5125	15
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5200	5250	-50
	Bhiwani	Desi	4200	4500	-300
	Adampur	B.T. Cotton	5075	5130	-55
	Fatehabad	B.T. Cotton	5125	5110	15
	Jind	B.T. Cotton	5320	5380	-60
	Uchana	B.T. Cotton	5260	5085	175
	Dabwali	B.T. Cotton	5020	5050	-30
Rajasthan	Hanumangarh	B.T. Cotton	5100	5100	Unch
	Rawatsar	B.T. Cotton	4985	4950	35
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5705	5400	305
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	4200	4100	100
	Hathras	Desi	4300	4400	-100
Telangana	Adilabad	Un-Ginned	4450	4350	100
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	5510	-
	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	17-Oct-16	15-Oct-16	
Punjab	Bhatinda	J-34	4055	4040	15
	Abohar	J-34	4060	4050	10

	Mansa	J-34	4050	4050	Unch
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4020	4020	Unch
Rajasthan	Sri-Ganganagar	J-34	3760	3760	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	17-Oct-16	15-Oct-16	
Gujarat	Ahmedabad	Shankar-6	34000	30600	3400
	Gondal	Shankar-6	684	375	309
	Rajkot	B.T. Cotton	3400	2350	1050
	Patan	B.T. Cotton	17306	12210	5096
	Kadi	B.T. Cotton	15000	10000	5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	113	83	30
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	15000	15000	Unch
	Bhiwani	Desi	100	200	-100
	Adampur	B.T. Cotton	1020	1700	-680
	Fatehabad	B.T. Cotton	1200	1600	-400
	Jind	B.T. Cotton	90	54	36
	Uchana	B.T. Cotton	810	850	-40
	Dabwali	B.T. Cotton	900	625	275
Rajasthan	Hanumangarh	B.T. Cotton	3000	2500	500
	Rawatsar	B.T. Cotton	1500	800	700
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	6420	6400	20
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	1200	1500	-300
	Hathras	Desi	300	700	-400
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	20	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	1342	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	17-Oct-16	15-Oct-16	
Punjab	Bhatinda	J-34	11900	10200	1700
	Abohar	J-34	1700	1700	Unch
	Mansa	J-34	1020	850	170
Haryana	Sirsa	J-34	2550	2040	510
Rajasthan	Sri-Ganganagar	J-34	500	1000	-500

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				15-Oct-16	14-Oct-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	27600	27400	200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	28600	28400	200
J-34(202)	26mm	3.5 - 4.9	23	37700	37100	600
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40400	40100	300
Shankar-6(105)	29mm	3.5 - 4.9	28	41600	41300	300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42200	41700	500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43200	42700	500
DCH-32(107)	34mm	3.0 - 3.8	33	54500	54000	500

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

Centre	Unit	Price		Change
		17-Oct-16	15-Oct-16	
Rajkot	Rs. /10 Kg.	740	725	15
New Delhi	Rs. /10 Kg.	695	690	5
Hyderabad	Rs. /10 Kg.	690	670	20
Mumbai	Rs. /10 Kg.	730	720	10

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

Centre	Unit	Price		Change
		17-Oct-16	15-Oct-16	
Mahesana (Kadi)	Rs./Qtl	2432	2370	62
Akola	Rs./Qtl	2501	2522	-21

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 17-October-2016</u>		
Index	RMB/Ton	Change
CCIndex(328)	15289	-59
CCIndex(527)	14529	-51
CCIndex(229)	15586	-56
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 14-October-2016</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	78.70	0.25

<u>USDA Cotton Spot Rates: As on 14-October-2016</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	71.57	73.82	NIL
North Delta	70.07	72.82	NIL
South Delta	70.07	72.82	NIL
East TX-OK	68.75	70.75	2532
West Texas	68.00	69.75	592
Desert SW	67.82	73.82	NIL
SJ Valley	69.07	78.97	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 14-October-2016

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

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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