

## Domestic Fundamentals:

**Market Outlook:** Cotton spot prices noticed range –bound to weak tone on Tuesday.

**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.

Most of the traders in Pakistan are not buying cotton buying from India amid ongoing rivalry between the two countries. Pakistan spinners are the largest buyers of Indian fibre. Cotton trade between the two countries is worth US\$822 million a year. According to industry sources, Pakistan cotton is expected to decline by 15 per cent this year compared to previous year. For Pakistan, buying cotton from other sources will be costly amid long distance.

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	-8.00	889	879	872	874	3992	-1055	13884	98
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	236	-	-
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	-290	19740	19910	19940	19650	1239	192	2125	-241
Nov-16	-150	18710	18810	18660	18760	744	808	4284	30

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Oct-16		890		-	-	-
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	18-Oct-16	17-Oct-16	
Gujarat	Ahmedabad	Shankar-6	5250	5375	-125
	Gondal	Shankar-6	5505	5505	Unch
	Rajkot	B.T. Cotton	5550	5585	-35
	Patan	B.T. Cotton	5650	5650	Unch
	Kadi	B.T. Cotton	5400	5500	-100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5115	5140	-25
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5200	5200	Unch
	Bhiwani	Desi	4500	4200	300
	Adampur	B.T. Cotton	Closed	5075	-
	Fatehabad	B.T. Cotton	Closed	5125	-
	Jind	B.T. Cotton	Closed	5320	-
	Uchana	B.T. Cotton	5250	5260	-10
	Dabwali	B.T. Cotton	Closed	5020	-
Rajasthan	Hanumangarh	B.T. Cotton	5100	5100	Unch
	Rawatsar	B.T. Cotton	5050	4985	65
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5600	5705	-105
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	4150	4200	-50
	Hathras	Desi	4300	4300	Unch
Telangana	Adilabad	Un-Ginned	4450	4450	Unch
Andhra Pradesh	Guntur	Un-Ginned	4200	4200	Unch
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4150	4150	Unch
Karnataka	Bijapur	Bunny	5620	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5450	5400	50
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	18-Oct-16	17-Oct-16	
Punjab	Bhatinda	J-34	4065	4055	10
	Abohar	J-34	4060	4060	Unch

	Mansa	J-34	4055	4050	5
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4000	4020	-20
Rajasthan	Sri-Ganganagar	J-34	3760	3760	Unch

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	18-Oct-16	17-Oct-16	
Gujarat	Ahmedabad	Shankar-6	34000	34000	Unch
	Gondal	Shankar-6	871	684	187
	Rajkot	B.T. Cotton	3000	3400	-400
	Patan	B.T. Cotton	16261	17306	-1045
	Kadi	B.T. Cotton	20000	15000	5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	146	113	33
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	20000	15000	5000
	Bhiwani	Desi	100	100	Unch
	Adampur	B.T. Cotton	Closed	1020	-
	Fatehabad	B.T. Cotton	Closed	1200	-
	Jind	B.T. Cotton	Closed	90	-
	Uchana	B.T. Cotton	1185	810	375
	Dabwali	B.T. Cotton	Closed	900	-
Rajasthan	Hanumangarh	B.T. Cotton	2500	3000	-500
	Rawatsar	B.T. Cotton	1000	1500	-500
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	11750	6420	5330
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	800	1200	-400
	Hathras	Desi	150	300	-150
Telangana	Adilabad	Un-Ginned	NA	NA	-
Andhra Pradesh	Guntur	Un-Ginned	240	290	-50
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	280	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	1530	1342	188
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	18-Oct-16	17-Oct-16	
Punjab	Bhatinda	J-34	10200	11900	-1700
	Abohar	J-34	2550	1700	850
	Mansa	J-34	6885	1020	5865
Haryana	Sirsa	J-34	NA	2550	-
Rajasthan	Sri-Ganganagar	J-34	3000	500	2500

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				17-Oct-16	15-Oct-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	28100	27600	500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	29100	28600	500
J-34(202)	26mm	3.5 - 4.9	23	37400	37700	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40300	40400	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	41300	41600	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42100	42200	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43100	43200	-100
DCH-32(107)	34mm	3.0 - 3.8	33	54500	54500	Unch

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

Centre	Unit	Price		Change
		18-Oct-16	17-Oct-16	
Rajkot	Rs. /10 Kg.	740	740	Unch
New Delhi	Rs. /10 Kg.	695	695	Unch
Hyderabad	Rs. /10 Kg.	690	690	Unch
Mumbai	Rs. /10 Kg.	730	730	Unch

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

Centre	Unit	Price		Change
		18-Oct-16	17-Oct-16	
Mahesana (Kadi)	Rs./Qtl	2442	2432	10
Akola	Rs./Qtl	2471	2501	-30

**INTERNATIONAL PRICES AND INDICES**

<u><b>China Cotton Index: As on 18-October-2016</b></u>		
<b>Index</b>	<b>RMB/Ton</b>	<b>Change</b>
CCIndex(328)	15292	<b>3</b>
CCIndex(527)	14531	<b>2</b>
CCIndex(229)	15588	<b>2</b>
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u><b>China Foreign Cotton (FCE) Index : As on 18-October-2016</b></u>		
<b>Index</b>	<b>Cents/lb</b>	<b>Change</b>
FC Index (S)	84.22	<b>0.82</b>
FC Index (M)	81.52	<b>0.64</b>
FC Index (L)	78.82	<b>0.57</b>

<u><b>Cotlook Index: As on 17-October-2016</b></u>		
<b>Cotlook Indices</b>	<b>Cents/Pound</b>	<b>Change</b>
A-Index	79.95	<b>1.25</b>

<u><b>USDA Cotton Spot Rates: As on 17-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>	72.19	74.44	<b>NIL</b>
<b>North Delta</b>	70.69	73.44	<b>NIL</b>
<b>South Delta</b>	70.69	73.44	<b>NIL</b>
<b>East TX-OK</b>	69.00	71.00	<b>3805</b>
<b>West Texas</b>	68.25	70.00	<b>591</b>
<b>Desert SW</b>	68.44	74.44	<b>NIL</b>
<b>SJ Valley</b>	69.69	79.59	<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 17-October-2016**

Contract	Open	High	Low	Close	Change
<b>Dec-16</b>	70.49	71.26	69.85	71.19	<b>0.62</b>
<b>Mar-17</b>	70.89	71.54	70.17	71.49	<b>0.60</b>
<b>May-17</b>	71.11	71.82	70.49	71.77	<b>0.58</b>
<b>Jul-17</b>	71.23	71.88	70.58	71.84	<b>0.52</b>
<b>Oct-17</b>	70.98	70.98	70.98	70.98	<b>0.46</b>
<b>Dec-17</b>	70.61	71.14	70.01	71.06	<b>0.32</b>

**Pakistan Cotton Spot rates: As on 17-October-2016**

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6050	135	6185
Equivalent	40 Kgs	6484	145	6629

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