

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed range –bound 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 0.043 lakh bales of cotton last week (09 -16 October 2016), which was 0.054 lakh bales previous to last week (03 -08 October 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (09 -16 October, 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.037 lakh bales of cotton from India in the past week (09 -16 October, 2016). Other major importer was Pakistan and it's imported volume was 0.006 lakh bales.

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.

The arrival of cotton at ginneries in Pakistan till October 15, 2016 declined by 6.19 per cent year-on-year to 4.374 million bales according to the fortnightly report on cotton arrivals by the Pakistan Cotton Ginners Association (PCGA) in joint co-operation with All Pakistan Textile Mills Association (APTMA) and the Karachi Cotton Association (KCA). According to the data released, the textile mills in Pakistan consumed 3.144 million bales, while another 95,490 bales of cotton were sold to exporters.

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	+9.50	881	902	879	901	7464	4197	13384	-259
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	179	-	-
May-17	-	-	-

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

*Updated at 5:01 pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-16	+60	19610	19690	19560	19620	684	543	1829	-254
Nov-16	+130	18740	18870	18710	18870	1378	104	3770	11

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Oct-16		750		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

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

* Updated at 5:01 pm

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	20-Oct-16	19-Oct-16	
Gujarat	Ahmedabad	Shankar-6	5250	5250	Unch
	Gondal	Shankar-6	5555	5505	50
	Rajkot	B.T. Cotton	5400	5500	-100
	Patan	B.T. Cotton	5400	5500	-100
	Kadi	B.T. Cotton	5250	5250	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5060	5125	-65
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5200	5300	-100
	Bhiwani	Desi	4550	4550	Unch
	Adampur	B.T. Cotton	Closed	Closed	-
	Fatehabad	B.T. Cotton	Closed	Closed	-
	Jind	B.T. Cotton	Closed	Closed	-
	Uchana	B.T. Cotton	Closed	Closed	-
	Dabwali	B.T. Cotton	Closed	Closed	-
Rajasthan	Hanumangarh	B.T. Cotton	5200	5200	Unch
	Rawatsar	B.T. Cotton	5055	5050	5
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5530	5505	25
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	4150	4100	50
Uttar Pradesh	Hathras	B.T. Cotton	4100	4100	Unch
	Hathras	Desi	4400	4400	Unch
Telangana	Adilabad	Un-Ginned	4450	4450	Unch
Andhra Pradesh	Guntur	Un-Ginned	4100	4050	50
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4150	4150	Unch
Karnataka	Bijapur	Bunny	5539	5555	-16
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5250	5375	-125
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	20-Oct-16	19-Oct-16	
Punjab	Bhatinda	J-34	4080	4080	Unch
	Abohar	J-34	4090	4080	10

	Mansa	J-34	4080	4075	5
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4030	4030	Unch
Rajasthan	Sri-Ganganagar	J-34	3760	3760	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	20-Oct-16	19-Oct-16	
Gujarat	Ahmedabad	Shankar-6	42500	40800	1700
	Gondal	Shankar-6	798	825	-27
	Rajkot	B.T. Cotton	3200	2950	250
	Patan	B.T. Cotton	15341	16565	-1224
	Kadi	B.T. Cotton	25000	25000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	150	170	-20
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	Closed	Closed	-
	Fatehabad	B.T. Cotton	Closed	Closed	-
	Jind	B.T. Cotton	Closed	Closed	-
	Uchana	B.T. Cotton	Closed	Closed	-
	Dabwali	B.T. Cotton	Closed	Closed	-
Rajasthan	Hanumangarh	B.T. Cotton	2500	3000	-500
	Rawatsar	B.T. Cotton	1000	1000	Unch
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5850	6270	-420
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	215	105	110
Uttar Pradesh	Hathras	B.T. Cotton	1000	1000	Unch
	Hathras	Desi	150	150	Unch
Telangana	Adilabad	Un-Ginned	NA	NA	-
Andhra Pradesh	Guntur	Un-Ginned	220	75	145
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	120	100	20
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	1462	1792	-330
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	20-Oct-16	19-Oct-16	
Punjab	Bhatinda	J-34	11900	10200	1700
	Abohar	J-34	2040	1700	340
	Mansa	J-34	850	935	-85
Haryana	Sirsa	J-34	NA	NA	-
Rajasthan	Sri-Ganganagar	J-34	2000	3000	-1000

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				19-Oct-16	18-Oct-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	28400	28100	300
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	29400	29100	300
J-34(202)	26mm	3.5 - 4.9	23	37800	37700	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40100	40300	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	41000	41300	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	41900	42100	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42900	43100	-200
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
		20-Oct-16	19-Oct-16	
Rajkot	Rs. /10 Kg.	735	735	Unch
New Delhi	Rs. /10 Kg.	690	690	Unch
Hyderabad	Rs. /10 Kg.	695	695	Unch
Mumbai	Rs. /10 Kg.	730	735	-5

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

Centre	Unit	Price		Change
		20-Oct-16	19-Oct-16	
Mahesana (Kadi)	Rs./Qtl	2455	2455	Unch
Akola	Rs./Qtl	2450	2477	-27

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 20-October-2016</u>		
Index	RMB/Ton	Change
CCIndex(328)	15361	-10
CCIndex(527)	14581	-26
CCIndex(229)	15761	Unch
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 20-October-2016</u>		
Index	Cents/lb	Change
FC Index (S)	84.16	Unch
FC Index (M)	81.42	Unch
FC Index (L)	78.82	Unch

<u>Cotlook Index: As on 19-October-2016</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	80.35	Unch

<u>USDA Cotton Spot Rates: As on 19-October-2016</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	72.10	74.35	NIL
North Delta	70.60	73.35	NIL
South Delta	70.60	73.35	NIL
East TX-OK	69.00	71.00	3741
West Texas	68.25	70.00	558
Desert SW	68.35	74.35	NIL
SJ Valley	69.60	79.50	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 19-October-2016

Contract	Open	High	Low	Close	Change
Dec-16	71.17	71.27	70.22	71.10	-0.05
Mar-17	71.47	71.52	70.57	71.45	0.01
May-17	71.75	71.85	70.86	71.82	0.08
Jul-17	71.07	71.92	71.02	71.90	0.10
Oct-17	71.13	71.13	71.13	71.13	0.24
Dec-17	70.34	70.95	70.34	70.95	0.07

Pakistan Cotton Spot rates: As on 19-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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