

Domestic Fundamentals:

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

In The News: According to preliminary report by the government, cotton sowing as on 23rd September, 2016 has been covered under 102.55 lakh hectares compared to 115.98 lakh hectares during the same period previous year. Though acreage is lower, good monsoon is expected to help production in 2016 -17. According to industry sources, cotton output in 2016 -17 season is estimated to be 35.5 million bales compared to 33.7 million bales previous year. Government's first estimates of cotton output in 2016 -17 is at 32.12 million bales.

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 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	-9.00	902	918	895	897	10719	3255	13384	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	199	-	-
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	-130	19380	19400	19250	19300	699	-15	1392	-437
Nov-16	-200	18740	18830	18640	18660	1413	-35	3738	-32

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	---			-	-	-
Oct-16		640		-	-	-
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	22-Oct-16	21-Oct-16	
Gujarat	Ahmedabad	Shankar-6	5100	5200	-100
	Gondal	Shankar-6	5405	5355	50
	Rajkot	B.T. Cotton	5410	5480	-70
	Patan	B.T. Cotton	5500	5325	175
	Kadi	B.T. Cotton	5300	5100	200
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5065	5155	-90
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5250	5250	Unch
	Bhiwani	Desi	4300	4300	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	5150	50
	Rawatsar	B.T. Cotton	5100	5075	25
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5210	5600	-390
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	4225	4200	25
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	4100	Unch
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4150	4160	-10
Karnataka	Bijapur	Bunny	5519	5549	-30
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5200	5250	-50
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	22-Oct-16	21-Oct-16	

Punjab	Bhatinda	J-34	4030	4080	-50
	Abohar	J-34	4030	4070	-40
	Mansa	J-34	4020	4070	-50
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4000	4040	-40
Rajasthan	Sri-Ganganagar	J-34	3760	3760	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	22-Oct-16	21-Oct-16	
Gujarat	Ahmedabad	Shankar-6	42500	42500	Unch
	Gondal	Shankar-6	1042	1030	12
	Rajkot	B.T. Cotton	3800	3400	400
	Patan	B.T. Cotton	19290	15335	3955
	Kadi	B.T. Cotton	20000	20000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	301	231	70
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	3500	2000	1500
	Rawatsar	B.T. Cotton	1000	1500	-500
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	7500	4575	2925
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	210	175	35
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	285	100	185
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	130	150	-20

	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	1702	1650	52
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	22-Oct-16	21-Oct-16	
Punjab	Bhatinda	J-34	11900	10200	1700
	Abohar	J-34	1870	1700	170
	Mansa	J-34	1020	1020	Unch
Haryana	Sirsa	J-34	NA	NA	-
Rajasthan	Sri-Ganganagar	J-34	2000	2000	Unch

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				21-Oct-16	20-Oct-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	28400	28400	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	29400	29400	Unch
J-34(202)	26mm	3.5 - 4.9	23	37200	37500	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39000	39800	-800
Shankar-6(105)	29mm	3.5 - 4.9	28	39900	40700	-800
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	41000	41700	-700
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42000	42700	-700
DCH-32(107)	34mm	3.0 - 3.8	33	53800	53800	Unch

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

Centre	Unit	Price		Change
		22-Oct-16	21-Oct-16	
Rajkot	Rs. /10 Kg.	720	730	-10
New Delhi	Rs. /10 Kg.	680	690	-10
Hyderabad	Rs. /10 Kg.	690	695	-5
Mumbai	Rs. /10 Kg.	735	735	Unch

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

Centre	Unit	Price		Change
		22-Oct-16	21-Oct-16	
Mahesana (Kadi)	Rs./Qtl	2410	2425	-15

Akola	Rs./Qtl	2457	2459	-2
-------	---------	------	------	-----------

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 21-October-2016</u>		
Index	RMB/Ton	Change
CCIndex(328)	15359	-2
CCIndex(527)	14571	-10
CCIndex(229)	15761	Unch
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 21-October-2016</u>		
Index	Cents/lb	Change
FC Index (S)	83.09	-1.07
FC Index (M)	80.30	-1.12
FC Index (L)	77.62	-1.20

<u>Cotlook Index: As on 21-October-2016</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	79.10	-1.25

<u>USDA Cotton Spot Rates: As on 21-October-2016</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	70.07	72.32	NIL
North Delta	68.57	71.32	763
South Delta	68.57	71.32	NIL
East TX-OK	67.50	69.50	152
West Texas	67.50	69.25	74
Desert SW	66.32	72.32	NIL
SJ Valley	67.57	77.47	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 21-October-2016

Contract	Open	High	Low	Close	Change
Dec-16	69.80	69.91	68.61	69.07	-0.73
Mar-17	70.07	70.07	68.90	69.47	-0.61
May-17	70.29	70.29	69.32	69.97	-0.56
Jul-17	70.38	70.38	69.42	70.09	-0.54
Oct-17	69.51	69.51	69.51	69.51	-0.59
Dec-17	69.50	69.50	68.54	69.08	-0.69

Pakistan Cotton Spot rates: As on 21-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

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2016 Indian Agribusiness Systems Pvt. Ltd.