

Domestic Fundamentals:

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

In The News: Bt Cotton was introduced in India in 2003 and thereafter acreage under Bt Cotton started increasing and occupied around 90% of the total cotton acreage till previous year. For the first time this season acreage under Bt cotton declined as farmers opted for native varieties. Last year crop had been damaged in many states amid whitefly pest attack. The share of Bt variety in total cotton area sown declined to 83% compared to 91% in the previous season. The area under cotton sowing has declined by 12% this season to 10.2 million hectares from 11.5 million hectares sown previous year.

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	-6.00	892	897	883.5	891	5582	-5137	13384	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	169	-	-
May-17	-	-	-

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

*Updated at 5:16 pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-16	-270	19090	19090	18950	18990	693	6	1015	-377
Nov-16	-210	18500	18510	18330	18450	1993	-580	3665	-73

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Oct-16		540		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

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

* Updated at 5:16 pm

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	24-Oct-16	22-Oct-16	
Gujarat	Ahmedabad	Shankar-6	5125	5100	25
	Gondal	Shankar-6	5205	5405	-200
	Rajkot	B.T. Cotton	5300	5410	-110
	Patan	B.T. Cotton	5275	5500	-225
	Kadi	B.T. Cotton	5250	5300	-50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5090	5065	25
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5250	5250	Unch
	Bhiwani	Desi	4250	4300	-50
	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	4950	5200	-250
	Rawatsar	B.T. Cotton	4800	5100	-300
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5270	5210	60
Maharashtra	Amravati	Mech-1	5000	NA	-
	Jamner	Medium Staple	4300	4225	75
Uttar Pradesh	Hathras	B.T. Cotton	4200	4100	100
	Hathras	Desi	4300	4400	-100
Telangana	Adilabad	Un-Ginned	4450	4450	Unch
Andhra Pradesh	Guntur	Un-Ginned	NA	4100	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4150	4150	Unch
Karnataka	Bijapur	Bunny	5509	5519	-10
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5125	5200	-75
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	24-Oct-16	22-Oct-16	

Punjab	Bhatinda	J-34	3915	4030	-115
	Abohar	J-34	3920	4030	-110
	Mansa	J-34	3900	4020	-120
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	3900	4000	-100
Rajasthan	Sri-Ganganagar	J-34	3760	3760	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	24-Oct-16	22-Oct-16	
Gujarat	Ahmedabad	Shankar-6	45900	42500	3400
	Gondal	Shankar-6	1985	1042	943
	Rajkot	B.T. Cotton	5800	3800	2000
	Patan	B.T. Cotton	24250	19290	4960
	Kadi	B.T. Cotton	20000	20000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	562	301	261
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	5000	3500	1500
	Rawatsar	B.T. Cotton	1500	1000	500
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5020	7500	-2480
Maharashtra	Amravati	Mech-1	1500	NA	-
	Jamner	Medium Staple	201	210	-9
Uttar Pradesh	Hathras	B.T. Cotton	8000	1000	7000
	Hathras	Desi	150	150	Unch
Telangana	Adilabad	Un-Ginned	NA	NA	-
Andhra Pradesh	Guntur	Un-Ginned	NA	285	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	160	130	30

	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	2092	1702	390
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	24-Oct-16	22-Oct-16	
Punjab	Bhatinda	J-34	11900	11900	Unch
	Abohar	J-34	2210	1870	340
	Mansa	J-34	850	1020	-170
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
				22-Oct-16	21-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	36900	37200	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38600	39000	-400
Shankar-6(105)	29mm	3.5 - 4.9	28	39500	39900	-400
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40600	41000	-400
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	41600	42000	-400
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
		24-Oct-16	22-Oct-16	
Rajkot	Rs. /10 Kg.	700	720	-20
New Delhi	Rs. /10 Kg.	675	680	-5
Hyderabad	Rs. /10 Kg.	680	690	-10
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
		24-Oct-16	22-Oct-16	
Mahesana (Kadi)	Rs./Qtl	2303	2410	-107

Akola	Rs./Qtl	2417	2457	-40
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INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 24-October-2016</u>		
Index	RMB/Ton	Change
CCIndex(328)	15359	Unch
CCIndex(527)	14559	-12
CCIndex(229)	15761	Unch
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 24-October-2016</u>		
Index	Cents/lb	Change
FC Index (S)	82.21	-0.88
FC Index (M)	79.46	-0.84
FC Index (L)	76.94	-0.68

<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 22-October-2016
(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6000	135	6135
Equivalent	40 Kgs	6430	145	6575

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