

Domestic Fundamentals:

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

In The News: According to the Cotton Advisory Board (CAB), output of cotton is estimated to increase by 3.8% to 35.10 million bales of 170 kg each for the cotton year 2016 -17 that started on October 1 compared to previous year. Good monsoon has helped germination of cotton pods in almost the entire country. The CAB estimated a 17.47 per cent growth in yield from 483.79 kg per hectare in 2015-16 to 568.29 kg per hectare in 2016-17.

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.

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	+19.50	892.5	911	891.5	909.50	6250	668	13384	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	130.50	-	-
May-17	-	-	-

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

*Updated at 5:22 pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-16	+90	18950	19180	18930	19050	658	35	608	-407
Nov-16	+180	18360	18570	18310	18530	1553	440	3638	-27

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Oct-16		520		-	-	-
Nov-16			-	-	-	-
	—			-	-	-

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

* Updated at 5:22 pm

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	25-Oct-16	24-Oct-16	
Gujarat	Ahmedabad	Shankar-6	5000	5125	-125
	Gondal	Shankar-6	5205	5205	Unch
	Rajkot	B.T. Cotton	5200	5300	-100
	Patan	B.T. Cotton	NR	5275	-
	Kadi	B.T. Cotton	5250	5250	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5105	5090	15
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5100	5250	-150
	Bhiwani	Desi	4500	4250	250
	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	5050	4950	100
	Rawatsar	B.T. Cotton	4800	4800	Unch
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5200	5270	-70
Maharashtra	Amravati	Mech-1	NR	5000	-
	Jamner	Medium Staple	NA	4300	-
Uttar Pradesh	Hathras	B.T. Cotton	4200	4200	Unch
	Hathras	Desi	4300	4300	Unch
Telangana	Adilabad	Un-Ginned	350	4450	-4100
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	5369	5509	-140
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5000	5125	-125
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	25-Oct-16	24-Oct-16	
Punjab	Bhatinda	J-34	3940	3915	25

	Abohar	J-34	3950	3920	30
	Mansa	J-34	3940	3900	40
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	3860	3900	-40
Rajasthan	Sri-Ganganagar	J-34	3591	3760	-169

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	25-Oct-16	24-Oct-16	
Gujarat	Ahmedabad	Shankar-6	45900	45900	Unch
	Gondal	Shankar-6	2515	1985	530
	Rajkot	B.T. Cotton	5100	5800	-700
	Patan	B.T. Cotton	NR	24250	-
	Kadi	B.T. Cotton	30000	20000	10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	790	562	228
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	1500	5000	-3500
	Rawatsar	B.T. Cotton	1000	1500	-500
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	12300	5020	7280
Maharashtra	Amravati	Mech-1	NR	1500	-
	Jamner	Medium Staple	NA	201	-
Uttar Pradesh	Hathras	B.T. Cotton	8000	8000	Unch
	Hathras	Desi	150	150	Unch
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	980	160	820
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	2032	2092	-60
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	25-Oct-16	24-Oct-16	
Punjab	Bhatinda	J-34	11900	11900	Unch
	Abohar	J-34	2040	2210	-170
	Mansa	J-34	765	850	-85
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
				24-Oct-16	22-Oct-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	27800	28400	-600
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	28000	29400	-1400
J-34(202)	26mm	3.5 - 4.9	23	35700	36900	-1200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	37200	38600	-1400
Shankar-6(105)	29mm	3.5 - 4.9	28	37700	39500	-1800
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	38700	40600	-1900
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39500	41600	-2100
DCH-32(107)	34mm	3.0 - 3.8	33	53000	53800	-800

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

Centre	Unit	Price		Change
		25-Oct-16	24-Oct-16	
Rajkot	Rs. /10 Kg.	690	700	-10
New Delhi	Rs. /10 Kg.	670	675	-5
Hyderabad	Rs. /10 Kg.	680	680	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
		25-Oct-16	24-Oct-16	
Mahesana (Kadi)	Rs./Qtl	2212	2303	-91
Akola	Rs./Qtl	2375	2417	-42

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 25-October-2016</u>		
Index	RMB/Ton	Change
CCIndex(328)	15366	7
CCIndex(527)	14562	3
CCIndex(229)	15777	16
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 25-October-2016</u>		
Index	Cents/lb	Change
FC Index (S)	81.96	-0.25
FC Index (M)	79.27	-0.19
FC Index (L)	76.83	-0.11

<u>Cotlook Index: As on 24-October-2016</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	78.45	-0.65

<u>USDA Cotton Spot Rates: As on 24-October-2016</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	69.77	72.02	NIL
North Delta	68.27	71.02	NIL
South Delta	68.27	71.02	NIL
East TX-OK	67.25	69.25	244
West Texas	67.25	69.00	240
Desert SW	66.02	72.02	NIL
SJ Valley	67.27	77.17	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 24-October-2016

Contract	Open	High	Low	Close	Change
Dec-16	68.96	69.19	68.53	68.77	-0.30
Mar-17	69.25	69.55	68.99	69.22	-0.25
May-17	69.56	70.02	69.54	69.78	-0.19
Jul-17	69.69	70.03	69.69	69.95	-0.14
Oct-17	69.37	69.37	69.37	69.37	-0.14
Dec-17	68.86	69.00	68.66	68.86	-0.22

Pakistan Cotton Spot rates: As on 24-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

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.