

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed range –bound to firm tone on Wednesday.

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 0.152 lakh bales of cotton last week (17 -23 October 2016), which was 0.043 lakh bales previous to last week (09 -16 October 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (17 -23 October, 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.124 lakh bales of cotton from India in the past week (17 -23 October, 2016). Other major importers were Bahrain and Pakistan and their imported volume was 0.023 lakh bales and 0.004 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.

According to industry sources, India's cotton exports to Pakistan is expected to decline by around 50% in 2016 -17 amid ongoing rivalry between the two countries and expected improvement in Pakistan's cotton production. Pakistan is likely to import around 1 to 1.5 million bales in 2016 -17 which started on October 1 compared to 2.7 million bales during the previous year. India's cotton exports are expected to decline by around 28% this season to 5 million bales amid lower purchases from Pakistan. Lower exports to Pakistan will help other suppliers like Brazil, United States and some African countries.

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	+1.00	900	905	896	901.50	2943	-3307	13384	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	140.50	-	-
May-17	-	-	-

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

*Updated at 5:04 pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-16	+40	19020	19160	18930	19080	237	421	340	-268
Nov-16	+100	18350	18460	18350	18450	647	906	3597	-41

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Oct-16		630		-	-	-
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	26-Oct-16	25-Oct-16	
Gujarat	Ahmedabad	Shankar-6	5000	5000	Unch
	Gondal	Shankar-6	5255	5205	50
	Rajkot	B.T. Cotton	5210	5200	10
	Patan	B.T. Cotton	5350	NR	-
	Kadi	B.T. Cotton	5150	5250	-100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5130	5105	25
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5100	5100	Unch
	Bhiwani	Desi	4500	4500	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	5000	5050	-50
	Rawatsar	B.T. Cotton	5000	4800	200
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5100	5200	-100
Maharashtra	Amravati	Mech-1	NR	NR	-
	Jamner	Medium Staple	4400	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	4300	4200	100
	Hathras	Desi	4600	4300	300
Telangana	Adilabad	Un-Ginned	350	350	Unch
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	4150	-
Karnataka	Bijapur	Bunny	5129	5369	-240
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	4850	5000	-150
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	26-Oct-16	25-Oct-16	

Punjab	Bhatinda	J-34	3975	3940	35
	Abohar	J-34	3975	3950	25
	Mansa	J-34	3970	3940	30
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	3910	3860	50
Rajasthan	Sri-Ganganagar	J-34	3591	3591	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	26-Oct-16	25-Oct-16	
Gujarat	Ahmedabad	Shankar-6	45900	45900	Unch
	Gondal	Shankar-6	2161	2515	-354
	Rajkot	B.T. Cotton	5800	5100	700
	Patan	B.T. Cotton	13398	NR	-
	Kadi	B.T. Cotton	25000	30000	-5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	1071	790	281
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	4000	NA	-
	Bhiwani	Desi	600	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	1400	1500	-100
	Rawatsar	B.T. Cotton	1500	1000	500
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5120	12300	-7180
Maharashtra	Amravati	Mech-1	NR	NR	-
	Jamner	Medium Staple	205	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5000	8000	-3000
	Hathras	Desi	300	150	150
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	420	980	-560

	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	1447	2032	-585
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	26-Oct-16	25-Oct-16	
Punjab	Bhatinda	J-34	11900	11900	Unch
	Abohar	J-34	1360	2040	-680
	Mansa	J-34	680	765	-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
				25-Oct-16	23-Oct-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	27500	27800	-300
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	27900	28000	-100
J-34(202)	26mm	3.5 - 4.9	23	36100	35700	400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	37200	37200	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	37700	37700	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	38700	38700	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39500	39500	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	53000	53000	Unch

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

Centre	Unit	Price		Change
		26-Oct-16	25-Oct-16	
Rajkot	Rs. /10 Kg.	635	640	-5
New Delhi	Rs. /10 Kg.	670	670	Unch
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
		26-Oct-16	25-Oct-16	
Mahesana (Kadi)	Rs./Qtl	2144	2212	-68

Akola	Rs./Qtl	2309	2375	-66
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INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 26-October-2016</u>		
Index	RMB/Ton	Change
CCIndex(328)	15368	2
CCIndex(527)	14563	1
CCIndex(229)	15778	1
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 26-October-2016</u>		
Index	Cents/lb	Change
FC Index (S)	81.34	-0.62
FC Index (M)	78.29	-0.98
FC Index (L)	76.15	-0.68

<u>Cotlook Index: As on 25-October-2016</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	78.15	-0.30

<u>USDA Cotton Spot Rates: As on 25-October-2016</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	69.49	71.74	NIL
North Delta	67.99	70.74	NIL
South Delta	67.99	70.74	NIL
East TX-OK	67.25	69.25	909
West Texas	67.00	68.75	975
Desert SW	65.74	71.74	NIL
SJ Valley	66.99	76.89	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 25-October-2016

Contract	Open	High	Low	Close	Change
Dec-16	69.14	69.14	68.08	68.49	-0.28
Mar-17	69.39	69.50	68.58	69.02	-0.20
May-17	69.87	69.97	69.19	69.54	-0.24
Jul-17	70.11	70.12	69.38	69.73	-0.22
Oct-17	69.15	69.15	69.15	69.15	-0.22
Dec-17	69.00	69.00	68.30	68.69	-0.17

Pakistan Cotton Spot rates: As on 25-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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