

Domestic Fundamentals:

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

In The News: The textile industry has asked the Central Government to create a buffer stock of cotton of around 70 -80 lakh bales with the Cotton Corporation Of India and sell it to actual users during the May – September lean season. However, the Cotton Association Of India is against such move as creating a buffer stock for a particular sector will affect other sectors of the cotton value chain. According to sources, that creation of a buffer stock system would require investment of about Rs. 16,000 crore for procuring the desired 80 lakh bales of cotton. The Cotton Association of India will also have to bear the loss arising from price fluctuations.

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 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	-6.50	906	906.5	896	897.50	3099	-1281	14117	-686
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	139.50	-	-
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	-250	19080	19120	18850	18850	290	-91	12	-205
Nov-16	-50	18580	18600	18500	18500	677	695	3535	-17

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Oct-16		350		-	-	-
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	28-Oct-16	27-Oct-16	
Gujarat	Ahmedabad	Shankar-6	5200	5200	Unch
	Gondal	Shankar-6	5205	5205	Unch
	Rajkot	B.T. Cotton	5185	5205	-20
	Patan	B.T. Cotton	Closed	NA	-
	Kadi	B.T. Cotton	5200	5200	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	NR	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5200	5200	Unch
	Bhiwani	Desi	4500	4250	250
	Adampur	B.T. Cotton	5000	Closed	-
	Fatehabad	B.T. Cotton	5125	Closed	-
	Jind	B.T. Cotton	5115	Closed	-
	Uchana	B.T. Cotton	5200	Closed	-
	Dabwali	B.T. Cotton	5015	Closed	-
Rajasthan	Hanumangarh	B.T. Cotton	5150	5150	Unch
	Rawatsar	B.T. Cotton	5025	5050	-25
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5335	5190	145
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	4300	-
Uttar Pradesh	Hathras	B.T. Cotton	4300	4300	Unch
	Hathras	Desi	4600	4600	Unch
Telangana	Adilabad	Un-Ginned	4800	4300	500
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	5119	5149	-30
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	4900	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	28-Oct-16	27-Oct-16	

Punjab	Bhatinda	J-34	3950	4020	-70
	Abohar	J-34	3940	4020	-80
	Mansa	J-34	3950	4020	-70
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	3900	4360	-460
Rajasthan	Sri-Ganganagar	J-34	3666	3666	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	28-Oct-16	27-Oct-16	
Gujarat	Ahmedabad	Shankar-6	40800	40800	Unch
	Gondal	Shankar-6	1968	1968	Unch
	Rajkot	B.T. Cotton	3000	4800	-1800
	Patan	B.T. Cotton	Closed	NA	-
	Kadi	B.T. Cotton	25000	25000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	NR	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	13000	4000	9000
	Bhiwani	Desi	100	100	Unch
	Adampur	B.T. Cotton	850	Closed	-
	Fatehabad	B.T. Cotton	900	Closed	-
	Jind	B.T. Cotton	80	Closed	-
	Uchana	B.T. Cotton	850	Closed	-
	Dabwali	B.T. Cotton	700	Closed	-
Rajasthan	Hanumangarh	B.T. Cotton	1500	1500	Unch
	Rawatsar	B.T. Cotton	1000	1000	Unch
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	6300	7700	-1400
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	198	-
Uttar Pradesh	Hathras	B.T. Cotton	5000	5000	Unch
	Hathras	Desi	300	300	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	550	510	40

	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	1245	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	28-Oct-16	27-Oct-16	
Punjab	Bhatinda	J-34	6800	10200	-3400
	Abohar	J-34	1700	1700	Unch
	Mansa	J-34	595	595	Unch
Haryana	Sirsa	J-34	1700	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
				27-Oct-16	26-Oct-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	27200	27500	-300
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	28000	28300	-300
J-34(202)	26mm	3.5 - 4.9	23	36900	36600	300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	37300	37300	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	37800	37800	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	38900	38900	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39700	39700	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	52500	52500	Unch

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

Centre	Unit	Price		Change
		28-Oct-16	27-Oct-16	
Rajkot	Rs. /10 Kg.	630	630	Unch
New Delhi	Rs. /10 Kg.	670	670	Unch
Hyderabad	Rs. /10 Kg.	650	650	Unch
Mumbai	Rs. /10 Kg.	705	705	Unch

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

Centre	Unit	Price		Change
		28-Oct-16	27-Oct-16	
Mahesana (Kadi)	Rs./Qtl	2172	2176	-4

Akola	Rs./Qtl	2200	2277	-77
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INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 28-October-2016</u>		
Index	RMB/Ton	Change
CCIndex(328)	15365	Unch
CCIndex(527)	14566	3
CCIndex(229)	15767	-11
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 27-October-2016</u>		
Index	Cents/lb	Change
FC Index (S)	82.53	0.44
FC Index (M)	79.36	0.38
FC Index (L)	77.16	0.50

<u>Cotlook Index: As on 27-October-2016</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	78.65	0.75

<u>USDA Cotton Spot Rates: As on 27-October-2016</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	70.76	72.51	198
North Delta	69.76	72.51	2370
South Delta	69.76	72.51	NIL
East TX-OK	68.50	70.50	5606
West Texas	68.25	70.00	2996
Desert SW	67.01	73.01	NIL
SJ Valley	68.26	78.16	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 27-October-2016

Contract	Open	High	Low	Close	Change
Dec-16	69.05	70.00	68.78	69.76	0.50
Mar-17	69.99	70.48	69.43	70.28	0.41
May-17	70.35	70.83	70.00	70.68	0.38
Jul-17	70.49	70.87	70.17	70.75	0.33
Oct-17	69.99	69.99	69.99	69.99	0.25
Dec-17	69.22	69.79	69.00	69.49	0.26

Pakistan Cotton Spot rates: As on 27-October-2016
(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5950	135	6085
Equivalent	40 Kgs	6377	145	6522

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