

**Domestic Fundamentals:**

**Market Outlook:** Cotton spot markets remained mostly closed on Tuesday following the festival of 'Diwali'.

**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	-9	901	904.5	893.5	903	3110	-	14866	-
Con_2	-	-	-	-	-	-	-	-	-

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

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)  
\*Updated at 5:00 pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-16	-	-	-	-	-	-	-	-	-
Nov-16	-150	18450	18460	18310	18500	1197	-	3317	-

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

(NB: Spread Basis = Spot- Near Month Future)  
\* Updated at 5:00 pm

**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	1-Nov-16	31-Oct-16	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	Closed	Closed	-
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	5200	Closed	-
	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	Closed	-
	Bhiwani	Desi	4700	Closed	-
	Adampur	B.T. Cotton	5080	Closed	-
	Fatehabad	B.T. Cotton	5100	Closed	-
	Jind	B.T. Cotton	5350	Closed	-
	Uchana	B.T. Cotton	5088	Closed	-
	Dabwali	B.T. Cotton	5050	Closed	-
Rajasthan	Hanumangarh	B.T. Cotton	5100	Closed	-
	Rawatsar	B.T. Cotton	4975	Closed	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	Closed	Closed	-
	Hathras	Desi	Closed	Closed	-
Telangana	Adilabad	Un-Ginned	4720	4750	-30
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	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	1-Nov-16	31-Oct-16	
Punjab	Bhatinda	J-34	3990	Closed	-

	Abohar	J-34	3990	Closed	-
	Mansa	J-34	3980	Closed	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
<b>Haryana</b>	Sirsa	J-34	3910	Closed	-
<b>Rajasthan</b>	Sri-Ganganagar	J-34	Closed	Closed	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	1-Nov-16	31-Oct-16	
<b>Gujarat</b>	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	Closed	Closed	-
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	25000	Closed	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	NR	-
<b>Punjab</b>	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
<b>Haryana</b>	Bhiwani	B.T. Cotton	7000	Closed	-
	Bhiwani	Desi	50	Closed	-
	Adampur	B.T. Cotton	1020	Closed	-
	Fatehabad	B.T. Cotton	1100	Closed	-
	Jind	B.T. Cotton	1000	Closed	-
	Uchana	B.T. Cotton	60	Closed	-
	Dabwali	B.T. Cotton	1000	Closed	-
<b>Rajasthan</b>	Hanumangarh	B.T. Cotton	1000	Closed	-
	Rawatsar	B.T. Cotton	400	Closed	-
<b>Madhya Pradesh</b>	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
<b>Maharashtra</b>	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	Closed	Closed	-
	Hathras	Desi	Closed	Closed	-
<b>Telangana</b>	Adilabad	Un-Ginned	NA	1328	-
<b>Andhra Pradesh</b>	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
<b>Karnataka</b>	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	1-Nov-16	31-Oct-16	
Punjab	Bhatinda	J-34	6800	Closed	-
	Abohar	J-34	340	Closed	-
	Mansa	J-34	510	Closed	-
Haryana	Sirsa	J-34	1700	Closed	-
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				29-Oct-16	27-Oct-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	27400	27200	200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	28400	28000	400
J-34(202)	26mm	3.5 - 4.9	23	36900	36900	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	37400	37300	100
Shankar-6(105)	29mm	3.5 - 4.9	28	37900	37800	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39000	38900	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39800	39700	100
DCH-32(107)	34mm	3.0 - 3.8	33	52600	52500	100

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

Centre	Unit	Price		Change
		1-Nov-16	31-Oct-16	
Rajkot	Rs. /10 Kg.	Closed	Closed	-
New Delhi	Rs. /10 Kg.	Closed	Closed	-
Hyderabad	Rs. /10 Kg.	650	665	-15
Mumbai	Rs. /10 Kg.	665	705	-40

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

Centre	Unit	Price		Change
		1-Nov-16	31-Oct-16	
Mahesana (Kadi)	Rs./Qtl	2167	Closed	-
Akola	Rs./Qtl	2232	Closed	-

**INTERNATIONAL PRICES AND INDICES**

<b>China Cotton Index: As on 01-November-2016</b>		
<b>Index</b>	<b>RMB/Ton</b>	<b>Change</b>
CCIndex(328)	15346	<b>-12</b>
CCIndex(527)	14536	<b>-22</b>
CCIndex(229)	15745	<b>-22</b>
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<b>China Foreign Cotton (FCE) Index : As on 01-November-2016</b>		
<b>Index</b>	<b>Cents/lb</b>	<b>Change</b>
FC Index (S)	81.79	<b>-1.89</b>
FC Index (M)	78.34	<b>-2.02</b>
FC Index (L)	76.27	<b>-1.93</b>

<b>Cotlook Index: As on 31-October-2016</b>		
<b>Cotlook Indices</b>	<b>Cents/Pound</b>	<b>Change</b>
A-Index	80.15	<b>1.00</b>

<b>USDA Cotton Spot Rates: As on 31-October-2016</b>			
<b>Growth Area</b>	<b>Leaf 4 to Staple 34</b>	<b>Leaf 3 to Staple 35</b>	<b>Arrivals</b>
	<b>cents/lb.</b>		<b>Bales</b>
<b>Southeast</b>	69.86	71.61	<b>176</b>
<b>North Delta</b>	68.86	71.61	<b>NIL</b>
<b>South Delta</b>	68.86	71.61	<b>NIL</b>
<b>East TX-OK</b>	67.75	69.75	<b>1262</b>
<b>West Texas</b>	67.75	69.50	<b>1059</b>
<b>Desert SW</b>	66.11	72.11	<b>NIL</b>
<b>SJ Valley</b>	67.36	77.26	<b>NIL</b>

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.): Ason31-October-2016**

Contract	Open	High	Low	Close	Change
<b>Dec-16</b>	70.72	70.85	68.74	68.86	<b>-1.96</b>
<b>Mar-17</b>	71.30	71.30	69.23	69.37	<b>-1.89</b>
<b>May-17</b>	71.45	71.47	69.72	69.85	<b>-1.67</b>
<b>Jul-17</b>	71.12	71.37	69.80	69.93	<b>-1.50</b>
<b>Oct-17</b>	69.11	69.11	69.11	69.11	<b>-1.40</b>
<b>Dec-17</b>	69.72	69.93	68.76	69.16	<b>-0.74</b>

**Pakistan Cotton Spot rates: As on 31-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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