

Domestic Fundamentals:

Market Outlook: Cotton spot markets noticed range –bound to weak tone on Wednesday.

In The News: Stakeholders in the cotton industry feel the need for establishment of a Cotton Board on the lines of Coffee Board and Jute Board. According to the President of the Indian Cotton Federation (ICF), the establishment of such a body will help in promotion and development of cotton. Moreover reliable statistical data can also help in guiding policy initiatives for smooth trade transactions and in price management.

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.

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	+3.00	894	902	892.5	900.50	1953	-1146	14117	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	136.50	-	-
May-17	-	-	-

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

*Updated at 5:16 pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-16	+30	18320	18410	18270	18400	767	-477	3160	3148
Dec-16	+20	18360	18450	18320	18430	751	-74	5007	1472

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Nov-16		-30		-	-	-
Dec-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	2-Nov-16	1-Nov-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	5000	5200	-200
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	Closed	Closed	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5180	5200	-20
	Bhiwani	Desi	4570	4700	-130
	Adampur	B.T. Cotton	4990	5080	-90
	Fatehabad	B.T. Cotton	5000	5100	-100
	Jind	B.T. Cotton	5200	5350	-150
	Uchana	B.T. Cotton	5154	5088	66
	Dabwali	B.T. Cotton	4975	5050	-75
Rajasthan	Hanumangarh	B.T. Cotton	5030	5100	-70
	Rawatsar	B.T. Cotton	4950	4975	-25
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	4100	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	4100	Closed	-
	Hathras	Desi	4600	Closed	-
Telangana	Adilabad	Un-Ginned	4740	4720	20
Andhra Pradesh	Guntur	Un-Ginned	4100	4100	Unch
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4160	4150	10
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5000	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	2-Nov-16	1-Nov-16	
Punjab	Bhatinda	J-34	3950	3990	-40
	Abohar	J-34	3950	3990	-40

	Mansa	J-34	3950	3980	-30
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	3870	3910	-40
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	2-Nov-16	1-Nov-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	45000	25000	20000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	Closed	Closed	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	6000	7000	-1000
	Bhiwani	Desi	200	50	150
	Adampur	B.T. Cotton	1190	1020	170
	Fatehabad	B.T. Cotton	1300	1100	200
	Jind	B.T. Cotton	1360	1000	360
	Uchana	B.T. Cotton	1100	60	1040
	Dabwali	B.T. Cotton	750	1000	-250
Rajasthan	Hanumangarh	B.T. Cotton	2000	1000	1000
	Rawatsar	B.T. Cotton	200	400	-200
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	215	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5000	Closed	-
	Hathras	Desi	300	Closed	-
Telangana	Adilabad	Un-Ginned	4823	NA	-
Andhra Pradesh	Guntur	Un-Ginned	230	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	1380	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	2-Nov-16	1-Nov-16	
Punjab	Bhatinda	J-34	7650	6800	850
	Abohar	J-34	850	340	510
	Mansa	J-34	595	510	85
Haryana	Sirsa	J-34	1700	1700	Unch
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	28-Oct-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	27400	27400	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	28400	28400	Unch
J-34(202)	26mm	3.5 - 4.9	23	36900	36600	300
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
		2-Nov-16	1-Nov-16	
Rajkot	Rs. /10 Kg.	Closed	Closed	-
New Delhi	Rs. /10 Kg.	640	Closed	-
Hyderabad	Rs. /10 Kg.	650	650	Unch
Mumbai	Rs. /10 Kg.	665	665	Unch

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

Centre	Unit	Price		Change
		2-Nov-16	1-Nov-16	
Mahesana (Kadi)	Rs./Qtl	Closed	Closed	-
Akola	Rs./Qtl	2087	2232	-145

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 02-November-2016</u>		
Index	RMB/Ton	Change
CCIndex(328)	15369	23
CCIndex(527)	14563	27
CCIndex(229)	15772	27
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 02-November-2016</u>		
Index	Cents/lb	Change
FC Index (S)	81.33	-0.46
FC Index (M)	78.04	-0.30
FC Index (L)	75.77	-050

<u>Cotlook Index: As on 01-November-2016</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	77.75	-2.40

<u>USDA Cotton Spot Rates: As on 01-November-2016</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	69.20	70.95	88
North Delta	68.20	70.95	NIL
South Delta	68.20	70.95	NIL
East TX-OK	67.75	69.75	1471
West Texas	67.75	69.50	927
Desert SW	65.45	71.45	NIL
SJ Valley	66.70	76.60	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 01-November-2016

Contract	Open	High	Low	Close	Change
Dec-16	68.76	68.92	68.10	68.20	-0.66
Mar-17	69.21	69.36	68.60	68.66	-0.71
May-17	69.68	69.83	69.08	69.15	-0.70
Jul-17	69.80	69.92	69.15	69.25	-0.68
Oct-17	69.50	69.50	68.40	68.40	-0.71
Dec-17	68.95	69.08	68.47	68.60	-0.56

Pakistan Cotton Spot rates: As on 01-November-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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