

## Domestic Fundamentals:

**Market Outlook:** Cotton spot markets witnessed mostly firm tone on Thursday.

**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 0.234 lakh bales of cotton last week (24 -30 October 2016), which was 0.152 lakh bales previous to last week (17 -23 October 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (24 -30 October, 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.135 lakh bales of cotton from India in the past week (24 -30 October, 2016). Other major importers were China, Indonesia, Vietnam and Japan and their imported volumes were 0.040, 0.024, 0.024 and 0.001 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	+9.50	900	911	897	907.50	3822	1869	14871	754
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	129.50	-	-
May-17	-	-	-

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

\*Updated at 5:34 pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-16	+160	18370	18540	18320	18480	1006	-239	3143	-17
Dec-16	+130	18440	18550	18360	18490	605	146	5029	22

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Nov-16		-10		-	-	-
Dec-16			-	-	-	-
	—			-	-	-

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

\* Updated at 5:34 pm

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

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	3-Nov-16	2-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	5200	5000	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	5200	5180	20
	Bhiwani	Desi	4600	4570	30
	Adampur	B.T. Cotton	5030	4990	40
	Fatehabad	B.T. Cotton	5040	5000	40
	Jind	B.T. Cotton	5250	5200	50
	Uchana	B.T. Cotton	5065	5154	-89
	Dabwali	B.T. Cotton	5025	4975	50
Rajasthan	Hanumangarh	B.T. Cotton	5100	5030	70
	Rawatsar	B.T. Cotton	4975	4950	25
Madhya Pradesh	Khandwa	Mech-1	4800	NA	-
	Khargaon	Mech-1	4800	NA	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	4700	4100	600
Uttar Pradesh	Hathras	B.T. Cotton	4300	4100	200
	Hathras	Desi	4700	4600	100
Telangana	Adilabad	Un-Ginned	4750	4740	10
Andhra Pradesh	Guntur	Un-Ginned	4100	4100	Unch
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4160	4160	Unch
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	5379	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5050	5000	50
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	3-Nov-16	2-Nov-16	
Punjab	Bhatinda	J-34	3990	3950	40
	Abohar	J-34	3980	3950	30

	Mansa	J-34	3980	3950	30
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	3900	3870	30
Rajasthan	Sri-Ganganagar	J-34	NR	Closed	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	3-Nov-16	2-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	40000	45000	-5000
	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	8000	6000	2000
	Bhiwani	Desi	200	200	Unch
	Adampur	B.T. Cotton	1360	1190	170
	Fatehabad	B.T. Cotton	1700	1300	400
	Jind	B.T. Cotton	1190	1360	-170
	Uchana	B.T. Cotton	1400	1100	300
	Dabwali	B.T. Cotton	1050	750	300
Rajasthan	Hanumangarh	B.T. Cotton	3000	2000	1000
	Rawatsar	B.T. Cotton	300	200	100
Madhya Pradesh	Khandwa	Mech-1	500	NA	-
	Khargaon	Mech-1	500	NA	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	238	215	23
Uttar Pradesh	Hathras	B.T. Cotton	5000	5000	Unch
	Hathras	Desi	150	300	-150
Telangana	Adilabad	Un-Ginned	10660	4823	5837
Andhra Pradesh	Guntur	Un-Ginned	200	230	-30
	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	32	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	1575	1380	195
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	3-Nov-16	2-Nov-16	
Punjab	Bhatinda	J-34	6800	7650	-850
	Abohar	J-34	850	850	Unch
	Mansa	J-34	595	595	Unch
Haryana	Sirsa	J-34	1700	1700	Unch
Rajasthan	Sri-Ganganagar	J-34	NR	Closed	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				2-Nov-16	29-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	36500	36900	-400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	37200	37400	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	37700	37900	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	38600	39000	-400
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39300	39800	-500
DCH-32(107)	34mm	3.0 - 3.8	33	52000	52600	-600

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

Centre	Unit	Price		Change
		3-Nov-16	2-Nov-16	
Rajkot	Rs. /10 Kg.	Closed	Closed	-
New Delhi	Rs. /10 Kg.	640	640	Unch
Hyderabad	Rs. /10 Kg.	645	650	-5
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
		3-Nov-16	2-Nov-16	
Mahesana (Kadi)	Rs./Qtl	Closed	Closed	-
Akola	Rs./Qtl	2105	2087	18

**INTERNATIONAL PRICES AND INDICES**

<u><b>China Cotton Index: As on 03-November-2016</b></u>		
<b>Index</b>	<b>RMB/Ton</b>	<b>Change</b>
CCIndex(328)	15369	<b>Unch</b>
CCIndex(527)	14563	<b>Unch</b>
CCIndex(229)	15777	<b>6</b>
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u><b>China Foreign Cotton (FCE) Index : As on 03-November-2016</b></u>		
<b>Index</b>	<b>Cents/lb</b>	<b>Change</b>
FC Index (S)	81.78	<b>0.45</b>
FC Index (M)	78.52	<b>0.48</b>
FC Index (L)	76.24	<b>0.47</b>

<u><b>Cotlook Index: As on 02-November-2016</b></u>		
<b>Cotlook Indices</b>	<b>Cents/Pound</b>	<b>Change</b>
A-Index	76.95	<b>-0.80</b>

<u><b>USDA Cotton Spot Rates: As on 02-November-2016</b></u>			
<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>	69.60	71.35	<b>NIL</b>
<b>North Delta</b>	68.60	71.35	<b>NIL</b>
<b>South Delta</b>	68.60	71.35	<b>NIL</b>
<b>East TX-OK</b>	67.25	69.25	<b>1812</b>
<b>West Texas</b>	67.25	69.00	<b>1588</b>
<b>Desert SW</b>	65.85	71.85	<b>NIL</b>
<b>SJ Valley</b>	67.10	77.00	<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.): As on 02-November-2016**

Contract	Open	High	Low	Close	Change
<b>Dec-16</b>	68.25	68.78	68.07	68.60	<b>0.40</b>
<b>Mar-17</b>	68.63	69.21	68.56	69.13	<b>0.47</b>
<b>May-17</b>	69.11	69.76	69.09	69.68	<b>0.53</b>
<b>Jul-17</b>	69.24	69.90	69.24	69.79	<b>0.54</b>
<b>Oct-17</b>	68.77	68.77	68.77	68.77	<b>0.37</b>
<b>Dec-17</b>	68.90	68.90	68.47	68.90	<b>0.30</b>

**Pakistan Cotton Spot rates: As on 02-November-2016**
**(in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
<b>Cotton</b>	37.32 Kgs	5900	135	6035
<b>Equivalent</b>	40 Kgs	6323	145	6468

**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.