

Domestic Fundamentals:

Market Outlook: Cotton spot markets noticed mostly steady to firm tone on Friday.

In The News: Cotton producers in Punjab are reaping good returns for their produce this year. Last year, the crop was damaged amid whitefly pest attack. Raw cotton of medium staple variety is selling around Rs.4900 -5000 per quintal and the minimum support price of the same is around Rs.4060 per quintal. Productivity is expected to improve this season and traders are expecting around 9 lakh bales arrival this season compared to 7.5 lakh bales arrival in the previous season.

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.

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:

Agricultural Development and Marketing Corporation of Malawi (Admarc) has asked the farmers in the country to grow more cotton this season as the crop is gaining importance in the international markets. Tobacco is being discouraged amid anti –smoking campaign by the World Health Organization. Cotton production in Malawi was reported at 45,000 MT and 49,000 MT respectively in 2014 and 2015. In 2016, production declined to 13,000 MT.

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	-1.50	908.5	913	903.5	905.50	3198	-624	14837	-34
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17							
Spot	131.50				-		-	
May-17	-				-		-	

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

*Updated at 5:01 pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-16	10	18470	18570	18410	18440	833	173	3118	-25
Dec-16	-30	18460	18540	18380	18410	805	-200	5052	23

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Nov-16		30		-	-	-
Dec-16			-	-	-	-
	—			-	-	-

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

* Updated at 5:01 pm

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	4-Nov-16	3-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	5250	5200	50
	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	5300	5200	100
	Bhiwani	Desi	4700	4600	100
	Adampur	B.T. Cotton	5185	5030	155
	Fatehabad	B.T. Cotton	5150	5040	110
	Jind	B.T. Cotton	5325	5250	75
	Uchana	B.T. Cotton	5171	5065	106
	Dabwali	B.T. Cotton	5150	5025	125
Rajasthan	Hanumangarh	B.T. Cotton	5150	5100	50
	Rawatsar	B.T. Cotton	5080	4975	105
Madhya Pradesh	Khandwa	Mech-1	4900	4800	100
	Khargaon	Mech-1	5130	4800	330
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	4800	4700	100
Uttar Pradesh	Hathras	B.T. Cotton	4300	4300	Unch
	Hathras	Desi	4700	4700	Unch
Telangana	Adilabad	Un-Ginned	4760	4750	10
Andhra Pradesh	Guntur	Un-Ginned	NA	4100	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4160	4160	Unch
Karnataka	Bijapur	Bunny	5167	5139	28
	Hubli	D.C.H.	NA	5349	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5000	5050	-50
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	4-Nov-16	3-Nov-16	
Punjab	Bhatinda	J-34	4035	3990	45
	Abohar	J-34	4040	3980	60

	Mansa	J-34	4025	3980	45
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	3950	3900	50
Rajasthan	Sri-Ganganagar	J-34	NR	NR	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	4-Nov-16	3-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	20000	40000	-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	15000	8000	7000
	Bhiwani	Desi	500	200	300
	Adampur	B.T. Cotton	1530	1360	170
	Fatehabad	B.T. Cotton	1400	1700	-300
	Jind	B.T. Cotton	60	1190	-1131
	Uchana	B.T. Cotton	1675	1400	275
	Dabwali	B.T. Cotton	450	1050	-600
Rajasthan	Hanumangarh	B.T. Cotton	3000	3000	Unch
	Rawatsar	B.T. Cotton	1000	300	700
Madhya Pradesh	Khandwa	Mech-1	600	500	100
	Khargaon	Mech-1	4900	5000	-100
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	250	238	12
Uttar Pradesh	Hathras	B.T. Cotton	5000	5000	Unch
	Hathras	Desi	150	150	Unch
Telangana	Adilabad	Un-Ginned	8403	10660	-2257
Andhra Pradesh	Guntur	Un-Ginned	NA	200	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	500	720	-220
	Hubli	D.C.H.	NA	6	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	1552	1575	-23
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	4-Nov-16	3-Nov-16	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	1190	850	340
	Mansa	J-34	850	595	255
Haryana	Sirsa	J-34	1700	1700	Unch
Rajasthan	Sri-Ganganagar	J-34	NR	NR	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				3-Nov-16	2-Nov-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	37000	36500	500
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	38600	38600	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39300	39300	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	52000	52000	Unch

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

Centre	Unit	Price		Change
		4-Nov-16	3-Nov-16	
Rajkot	Rs. /10 Kg.	Closed	Closed	-
New Delhi	Rs. /10 Kg.	640	640	Unch
Hyderabad	Rs. /10 Kg.	645	645	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
		4-Nov-16	3-Nov-16	
Mahesana (Kadi)	Rs./Qtl	Closed	Closed	-
Akola	Rs./Qtl	2148	2105	43

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 04-November-2016		
Index	RMB/Ton	Change
CCIndex(328)	15369	Unch
CCIndex(527)	14563	Unch
CCIndex(229)	15778	Unch
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 04-November-2016		
Index	Cents/lb	Change
FC Index (S)	81.38	-0.40
FC Index (M)	78.14	-0.38
FC Index (L)	75.74	-0.50

Cotlook Index: As on 03-November-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	77.50	0.55

USDA Cotton Spot Rates: As on 03-November-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	69.57	72.32	2678
North Delta	68.07	70.82	43
South Delta	68.07	70.82	NIL
East TX-OK	67.00	69.00	2080
West Texas	66.75	68.50	1737
Desert SW	65.32	71.32	NIL
SJ Valley	66.57	76.47	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.): Ason 03-November-2016

Contract	Open	High	Low	Close	Change
Dec-16	68.56	69.19	67.82	68.07	-0.53
Mar-17	69.11	69.71	68.41	68.68	-0.45
May-17	69.85	70.21	68.96	69.26	-0.42
Jul-17	69.97	70.28	69.12	69.41	-0.38
Oct-17	68.65	68.65	68.65	68.65	-0.12
Dec-17	68.99	69.05	68.37	68.65	-0.25

Pakistan Cotton Spot rates: As on 03-November-2016
(in Pakistan Rupees)

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

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