

Domestic Fundamentals:

Market Outlook: Cotton spot markets noticed mostly steady to weak tone on Saturday.

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

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	5-Nov-16	4-Nov-16	
Gujarat	Ahmedabad	Shankar-6	NR	Closed	-
	Gondal	Shankar-6	5155	Closed	-
	Rajkot	B.T. Cotton	5140	Closed	-
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	5200	5250	-50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5110	Closed	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5200	5300	-100
	Bhiwani	Desi	4500	4700	-200
	Adampur	B.T. Cotton	5075	5185	-110
	Fatehabad	B.T. Cotton	5100	5150	-50
	Jind	B.T. Cotton	5154	5325	-171
	Uchana	B.T. Cotton	5100	5171	-71
	Dabwali	B.T. Cotton	4985	5150	-165
Rajasthan	Hanumangarh	B.T. Cotton	5100	5150	-50
	Rawatsar	B.T. Cotton	5150	5080	70
Madhya Pradesh	Khandwa	Mech-1	Closed	4900	-
	Khargaon	Mech-1	Closed	5130	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	4800	-
Uttar Pradesh	Hathras	B.T. Cotton	4300	4300	Unch
	Hathras	Desi	4700	4700	Unch
Telangana	Adilabad	Un-Ginned	4750	4760	-10
Andhra Pradesh	Guntur	Un-Ginned	4100	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4160	4160	Unch
Karnataka	Bijapur	Bunny	5196	5167	29
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5000	5000	Unch
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	5-Nov-16	4-Nov-16	
Punjab	Bhatinda	J-34	3990	4035	-45
	Abohar	J-34	3980	4040	-60

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

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	5-Nov-16	4-Nov-16	
Gujarat	Ahmedabad	Shankar-6	NR	Closed	-
	Gondal	Shankar-6	3663	Closed	-
	Rajkot	B.T. Cotton	6400	Closed	-
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	25000	20000	5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	1737	Closed	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	10000	15000	-5000
	Bhiwani	Desi	400	500	-100
	Adampur	B.T. Cotton	1360	1530	-170
	Fatehabad	B.T. Cotton	2200	1400	800
	Jind	B.T. Cotton	68	60	9
	Uchana	B.T. Cotton	1500	1675	-175
	Dabwali	B.T. Cotton	1150	450	700
Rajasthan	Hanumangarh	B.T. Cotton	3000	3000	Unch
	Rawatsar	B.T. Cotton	1000	1000	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	600	-
	Khargaon	Mech-1	Closed	4900	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	250	-
Uttar Pradesh	Hathras	B.T. Cotton	5000	5000	Unch
	Hathras	Desi	150	150	Unch
Telangana	Adilabad	Un-Ginned	10441	8403	2038
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	820	500	320
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	1425	1552	-127
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	5-Nov-16	4-Nov-16	
Punjab	Bhatinda	J-34	7650	6800	850
	Abohar	J-34	1190	1190	Unch
	Mansa	J-34	680	850	-170
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
				4-Nov-16	3-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	36750	37000	-250
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	37275	37200	75
Shankar-6(105)	29mm	3.5 - 4.9	28	37775	37700	75
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	38775	38600	175
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39525	39300	225
DCH-32(107)	34mm	3.0 - 3.8	33	52275	52000	275

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

Centre	Unit	Price		Change
		5-Nov-16	4-Nov-16	
Rajkot	Rs. /10 Kg.	655	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
		5-Nov-16	4-Nov-16	
Mahesana (Kadi)	Rs./Qtl	2167	Closed	-
Akola	Rs./Qtl	2155	2148	7

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 04-November-2016

Cotlook Indices	Cents/Pound	Change
A-Index	77.00	-0.50

USDA Cotton Spot Rates: As on 04-November-2016

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	70.03	72.78	555
North Delta	68.53	71.28	NIL
South Delta	68.53	71.28	NIL
East TX-OK	67.75	69.75	1564
West Texas	67.50	69.25	3937
Desert SW	65.78	71.78	NIL
SJ Valley	67.03	76.93	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 04-November-2016

Contract	Open	High	Low	Close	Change
Dec-16	68.00	69.04	67.70	68.53	0.46
Mar-17	68.60	69.64	68.30	69.10	0.42
May-17	69.10	70.18	68.90	69.68	0.42
Jul-17	70.04	70.37	69.08	69.82	0.41
Oct-17	70.02	70.02	69.06	69.06	0.41
Dec-17	69.20	69.40	68.38	68.74	0.09

Pakistan Cotton Spot rates: As on 04-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

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.