

## Domestic Fundamentals:

**Market Outlook:** Cotton spot markets noticed mixed tone on Saturday.

**In The News:** According to farmers in the Adilabad district of Andhra Pradesh, the cotton crop has been affected by pink bollworm pest and yields have declined accordingly. The distressed farmers have been appealing to the government to assist them in this regard. The farmers want to replace cotton crop with wheat and chickpea crops and want the State government to supply them with seeds of two crops. The pink bollworm destroyed crops in Tamsi, Talamadugu, Vankidi, Indravelli, Kerameri and Kagaznagar.

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.

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	-5.50	905.5	907	899	900	2805	-393	14328	-509
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	137.00	-	-
May-17	-	-	-

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

\*Updated at 5:10 pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-16	-40	18420	18430	18350	18380	562	271	2989	-129
Dec-16	-30	18390	18400	18340	18380	559	246	4956	-96

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

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

\* Updated at 5:10 pm

**DOMESTIC PRICES AND ARRIVALS**

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	7-Nov-16	5-Nov-16	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	Closed	5155	-
	Rajkot	B.T. Cotton	Closed	5140	-
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	5125	5200	-75
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5140	5110	30
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5200	5200	Unch
	Bhiwani	Desi	4600	4500	100
	Adampur	B.T. Cotton	5080	5075	5
	Fatehabad	B.T. Cotton	5090	5100	-10
	Jind	B.T. Cotton	5145	5154	-9
	Uchana	B.T. Cotton	5270	5100	170
	Dabwali	B.T. Cotton	5025	4985	40
Rajasthan	Hanumangarh	B.T. Cotton	5150	5100	50
	Rawatsar	B.T. Cotton	5160	5150	10
Madhya Pradesh	Khandwa	Mech-1	4900	4900	Unch
	Khargaon	Mech-1	5255	5130	125
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	4700	4800	-100
Uttar Pradesh	Hathras	B.T. Cotton	NR	4300	-
	Hathras	Desi	NR	4700	-
Telangana	Adilabad	Un-Ginned	4730	4750	-20
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	5776	5196	580
	Hubli	D.C.H.	NA	5389	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5000	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	7-Nov-16	5-Nov-16	
Punjab	Bhatinda	J-34	3995	3990	5
	Abohar	J-34	4000	3980	20

	Mansa	J-34	3990	3980	10
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	3910	3900	10
Rajasthan	Sri-Ganganagar	J-34	NR	NR	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	7-Nov-16	5-Nov-16	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	Closed	3663	-
	Rajkot	B.T. Cotton	Closed	6400	-
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	20000	25000	-5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	1534	1737	-203
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	8000	10000	-2000
	Bhiwani	Desi	500	400	100
	Adampur	B.T. Cotton	850	1360	-510
	Fatehabad	B.T. Cotton	1600	2200	-600
	Jind	B.T. Cotton	50	68	-18
	Uchana	B.T. Cotton	1575	1500	75
	Dabwali	B.T. Cotton	1350	1150	200
Rajasthan	Hanumangarh	B.T. Cotton	3000	3000	Unch
	Rawatsar	B.T. Cotton	1500	1000	500
Madhya Pradesh	Khandwa	Mech-1	600	600	Unch
	Khargaon	Mech-1	8070	4900	3170
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	305	274	31
Uttar Pradesh	Hathras	B.T. Cotton	NR	5000	-
	Hathras	Desi	NR	150	-
Telangana	Adilabad	Un-Ginned	9275	10441	-1166
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	670	820	-150
	Hubli	D.C.H.	NA	228	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	NA	1425	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	7-Nov-16	5-Nov-16	
Punjab	Bhatinda	J-34	9350	7650	1700
	Abohar	J-34	1700	1190	510
	Mansa	J-34	1020	680	340
Haryana	Sirsa	J-34	8500	1700	6800
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
				5-Nov-16	4-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	36500	37000	-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
		7-Nov-16	5-Nov-16	
Rajkot	Rs. /10 Kg.	655	655	Unch
New Delhi	Rs. /10 Kg.	640	640	Unch
Hyderabad	Rs. /10 Kg.	640	645	-5
Mumbai	Rs. /10 Kg.	660	665	-5

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

Centre	Unit	Price		Change
		7-Nov-16	5-Nov-16	
Mahesana (Kadi)	Rs./Qtl	2044	2167	-123
Akola	Rs./Qtl	2114	2155	-41

**INTERNATIONAL PRICES AND INDICES**

<u><b>China Cotton Index: As on 07-November-2016</b></u>		
<b>Index</b>	<b>RMB/Ton</b>	<b>Change</b>
CCIndex(328)	15377	<b>8</b>
CCIndex(527)	14569	<b>6</b>
CCIndex(229)	15790	<b>6</b>
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u><b>China Foreign Cotton (FCE) Index : As on 07-November-2016</b></u>		
<b>Index</b>	<b>Cents/lb</b>	<b>Change</b>
FC Index (S)	81.89	<b>0.51</b>
FC Index (M)	78.60	<b>0.46</b>
FC Index (L)	76.25	<b>0.51</b>

<u><b>Cotlook Index: As on 04-November-2016</b></u>		
<b>Cotlook Indices</b>	<b>Cents/Pound</b>	<b>Change</b>
A-Index	77.00	<b>-0.50</b>

<u><b>USDA Cotton Spot Rates: As on 04-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>	70.03	72.78	<b>555</b>
<b>North Delta</b>	68.53	71.28	<b>NIL</b>
<b>South Delta</b>	68.53	71.28	<b>NIL</b>
<b>East TX-OK</b>	67.75	69.75	<b>1564</b>
<b>West Texas</b>	67.50	69.25	<b>3937</b>
<b>Desert SW</b>	65.78	71.78	<b>NIL</b>
<b>SJ Valley</b>	67.03	76.93	<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 04-November-2016**

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

**Pakistan Cotton Spot rates: As on 05-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

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