

Domestic Fundamentals:

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

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.

Farmers in Karnataka are diversifying from cereals towards cash crops like cotton, sugarcane, maize etc. A recent analysis of the changes in cropping patterns from 2005-06 to 2014-15 by the Karnataka Agriculture Price Commission (KAPC) shows that farmers in the State were showing their preference for cash crops such as cotton and maize and shifting from oilseeds, cereals and millets towards these cash crops. During this period, cotton acreage in Karnataka has increased by 112% from 4.13 lakh hectares in 2005 -06 to 8.76 lakh hectares in 2014 -15.

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	+16.00	903	923	898.5	918.50	7761	4563	14055	-782
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	118.50	-	-
May-17	-	-	-

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

*Updated at 6:24 pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-16	+50	18390	18540	18360	18480	1337	-504	2691	-427
Dec-16	+60	18380	18520	18350	18470	1050	-245	5155	103

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

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

* Updated at 6:24 pm

DOMESTIC PRICES AND ARRIVALS

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	8-Nov-16	7-Nov-16	
Gujarat	Ahmedabad	Shankar-6	5100	Closed	-
	Gondal	Shankar-6	5130	Closed	-
	Rajkot	B.T. Cotton	NA	Closed	-
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	5200	5125	75
	Deesa	B.T. Cotton	4690	NA	-
	Dhrol	B.T. Cotton	5140	5140	Unch
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5200	5200	Unch
	Bhiwani	Desi	4500	4600	-100
	Adampur	B.T. Cotton	5060	5080	-20
	Fatehabad	B.T. Cotton	5100	5090	10
	Jind	B.T. Cotton	5245	5145	100
	Uchana	B.T. Cotton	5185	5270	-85
	Dabwali	B.T. Cotton	5050	5025	25
Rajasthan	Hanumangarh	B.T. Cotton	5150	5150	Unch
	Rawatsar	B.T. Cotton	5000	5160	-160
Madhya Pradesh	Khandwa	Mech-1	4890	4900	-10
	Khargaon	Mech-1	5165	5255	-90
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	4750	4700	50
Uttar Pradesh	Hathras	B.T. Cotton	4100	NR	-
	Hathras	Desi	4300	NR	-
Telangana	Adilabad	Un-Ginned	4730	4730	Unch
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	5289	5776	-487
	Hubli	D.C.H.	NA	5419	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5125	5080	45
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	8-Nov-16	7-Nov-16	
Punjab	Bhatinda	J-34	4000	3995	5
	Abohar	J-34	3995	4000	-5

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

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	8-Nov-16	7-Nov-16	
Gujarat	Ahmedabad	Shankar-6	59500	Closed	-
	Gondal	Shankar-6	3792	Closed	-
	Rajkot	B.T. Cotton	NA	Closed	-
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	50000	20000	30000
	Deesa	B.T. Cotton	1700	NA	-
	Dhrol	B.T. Cotton	1199	1534	-335
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5000	8000	-3000
	Bhiwani	Desi	200	500	-300
	Adampur	B.T. Cotton	850	850	Unch
	Fatehabad	B.T. Cotton	2000	1600	400
	Jind	B.T. Cotton	100	50	50
	Uchana	B.T. Cotton	1250	1575	-325
	Dabwali	B.T. Cotton	1200	1350	-150
Rajasthan	Hanumangarh	B.T. Cotton	3000	3000	Unch
	Rawatsar	B.T. Cotton	1000	1500	-500
Madhya Pradesh	Khandwa	Mech-1	700	600	100
	Khargaon	Mech-1	11470	8070	3400
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	341	305	36
Uttar Pradesh	Hathras	B.T. Cotton	2500	NR	-
	Hathras	Desi	150	NR	-
Telangana	Adilabad	Un-Ginned	17291	9275	8016
Andhra Pradesh	Guntur	Un-Ginned	NA	380	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	2160	670	1490
	Hubli	D.C.H.	NA	66	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	1822	1612	210
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	8-Nov-16	7-Nov-16	
Punjab	Bhatinda	J-34	9350	9350	Unch
	Abohar	J-34	1700	1700	Unch
	Mansa	J-34	850	1020	-170
Haryana	Sirsa	J-34	1700	8500	-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
				7-Nov-16	6-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	36500	Unch
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
		8-Nov-16	7-Nov-16	
Rajkot	Rs. /10 Kg.	660	655	5
New Delhi	Rs. /10 Kg.	640	640	Unch
Hyderabad	Rs. /10 Kg.	650	640	10
Mumbai	Rs. /10 Kg.	660	660	Unch

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

Centre	Unit	Price		Change
		8-Nov-16	7-Nov-16	
Mahesana (Kadi)	Rs./Qtl	2008	2044	-36
Akola	Rs./Qtl	2100	2114	-14

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 08-November-2016

Index	RMB/Ton	Change
CCIndex(328)	15379	2
CCIndex(527)	14568	-1
CCIndex(229)	15799	9

RMB -Renminbi, 1RMB =0.16 \$U.S.

China Foreign Cotton (FCE) Index : As on 08-November-2016

Index	Cents/lb	Change
FC Index (S)	81.89	Unch
FC Index (M)	78.60	Unch
FC Index (L)	76.25	Unch

Cotlook Index: As on 07-November-2016

Cotlook Indices	Cents/Pound	Change
A-Index	77.50	0.50

USDA Cotton Spot Rates: As on 07-November-2016

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	69.95	72.70	NIL
North Delta	68.45	71.20	NIL
South Delta	68.45	71.20	283
East TX-OK	67.75	69.75	1564
West Texas	67.50	69.25	3937
Desert SW	65.70	71.70	NIL
SJ Valley	66.95	76.85	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 07-November-2016

Contract	Open	High	Low	Close	Change
Dec-16	68.13	69.47	68.06	68.45	-0.08
Mar-17	69.10	69.97	68.60	69.10	Unch
May-17	69.59	70.45	69.43	69.76	0.08
Jul-17	70.04	70.55	69.63	70.13	0.31
Oct-17	70.14	70.15	69.60	69.60	0.54
Dec-17	68.90	69.30	68.70	69.00	0.26

Pakistan Cotton Spot rates: As on 07-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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