

Domestic Fundamentals:

Market Outlook: Cotton spot markets noticed mostly weak tone on Wednesday.

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 0.254 lakh bales of cotton last week (31 October -06 November 2016), which was 0.234 lakh bales previous to last week (24 -30 October 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (31 October -06 November, 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.110 lakh bales of cotton from India in the past week (31 October -06 November, 2016). Other major importers were China, Vietnam, Indonesia and Pakistan and their imported volumes were 0.082, 0.035, 0.023 and 0.003 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	+4.00	901	920.5	890	913	5953	-1808	13137	-918
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	124	-	-
May-17	-	-	-

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

*Updated at 5:24 pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-16	-30	18250	18490	18250	18400	891	446	2508	-183
Dec-16	-20	18310	18510	18310	18400	1096	-46	5006	-149

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

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

* Updated at 5:24 pm

DOMESTIC PRICES AND ARRIVALS

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	9-Nov-16	8-Nov-16	
Gujarat	Ahmedabad	Shankar-6	Closed	5100	-
	Gondal	Shankar-6	Closed	5130	-
	Rajkot	B.T. Cotton	Closed	Closed	-
	Patan	B.T. Cotton	Closed	5155	-
	Kadi	B.T. Cotton	5150	5200	-50
	Deesa	B.T. Cotton	Closed	4690	-
	Dhrol	B.T. Cotton	Closed	5140	-
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	5030	5060	-30
	Fatehabad	B.T. Cotton	5080	5100	-20
	Jind	B.T. Cotton	5210	5245	-35
	Uchana	B.T. Cotton	5140	5185	-45
	Dabwali	B.T. Cotton	4970	5050	-80
Rajasthan	Hanumangarh	B.T. Cotton	Closed	5150	-
	Rawatsar	B.T. Cotton	Closed	5000	-
Madhya Pradesh	Khandwa	Mech-1	Closed	4890	-
	Khargaon	Mech-1	5025	5165	-140
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	4750	-
Uttar Pradesh	Hathras	B.T. Cotton	4000	4100	-100
	Hathras	Desi	4350	4300	50
Telangana	Adilabad	Un-Ginned	4720	4730	-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	5316	5289	27
	Hubli	D.C.H.	NA	5439	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5150	5125	25
Commodity	Lint		Prices (Rs./Mound)		Change
State	Centre	Variety	9-Nov-16	8-Nov-16	
Punjab	Bhatinda	J-34	3995	4000	-5
	Abohar	J-34	4000	3995	5

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

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	9-Nov-16	8-Nov-16	
Gujarat	Ahmedabad	Shankar-6	Closed	59500	-
	Gondal	Shankar-6	Closed	3792	-
	Rajkot	B.T. Cotton	Closed	Closed	-
	Patan	B.T. Cotton	Closed	28000	-
	Kadi	B.T. Cotton	35000	50000	-15000
	Deesa	B.T. Cotton	Closed	1700	-
	Dhrol	B.T. Cotton	Closed	1199	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	500	5000	-4500
	Bhiwani	Desi	100	200	-100
	Adampur	B.T. Cotton	680	850	-170
	Fatehabad	B.T. Cotton	1700	2000	-300
	Jind	B.T. Cotton	60	100	-41
	Uchana	B.T. Cotton	1580	1250	330
	Dabwali	B.T. Cotton	925	1200	-275
Rajasthan	Hanumangarh	B.T. Cotton	Closed	3000	-
	Rawatsar	B.T. Cotton	Closed	1000	-
Madhya Pradesh	Khandwa	Mech-1	Closed	700	-
	Khargaon	Mech-1	8710	11470	-2760
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	341	-
Uttar Pradesh	Hathras	B.T. Cotton	500	2500	-2000
	Hathras	Desi	150	150	Unch
Telangana	Adilabad	Un-Ginned	13422	17291	-3869
Andhra Pradesh	Guntur	Un-Ginned	175	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	1050	2160	-1110
	Hubli	D.C.H.	NA	52	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	1447	1822	-375
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	9-Nov-16	8-Nov-16	
Punjab	Bhatinda	J-34	8500	9350	-850
	Abohar	J-34	2550	1700	850
	Mansa	J-34	765	850	-85
Haryana	Sirsa	J-34	1700	1700	Unch
Rajasthan	Sri-Ganganagar	J-34	Closed	NR	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				8-Nov-16	7-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
		9-Nov-16	8-Nov-16	
Rajkot	Rs. /10 Kg.	Closed	660	-
New Delhi	Rs. /10 Kg.	640	640	Unch
Hyderabad	Rs. /10 Kg.	650	650	Unch
Mumbai	Rs. /10 Kg.	655	660	-5

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

Centre	Unit	Price		Change
		9-Nov-16	8-Nov-16	
Mahesana (Kadi)	Rs./Qtl	Closed	2008	-
Akola	Rs./Qtl	2083	2100	-17

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 09-November-2016</u>		
Index	RMB/Ton	Change
CCIndex(328)	15398	19
CCIndex(527)	14571	3
CCIndex(229)	15828	29
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 09-November-2016</u>		
Index	Cents/lb	Change
FC Index (S)	81.92	0.03
FC Index (M)	78.51	-0.09
FC Index (L)	76.56	0.31

<u>Cotlook Index: As on 08-November-2016</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	77.50	Unch

<u>USDA Cotton Spot Rates: As on 08-November-2016</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	70.25	73.00	6
North Delta	68.75	71.50	NIL
South Delta	68.75	71.50	NIL
East TX-OK	68.00	70.00	5663
West Texas	67.50	69.25	5869
Desert SW	66.00	72.00	NIL
SJ Valley	67.25	77.15	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 08-November-2016

Contract	Open	High	Low	Close	Change
Dec-16	68.54	70.11	68.19	68.75	0.30
Mar-17	69.19	70.70	68.83	69.34	0.24
May-17	69.84	71.25	69.61	70.00	0.24
Jul-17	70.16	71.55	70.16	70.45	0.32
Oct-17	69.91	70.05	69.91	69.95	0.35
Dec-17	69.22	70.25	69.20	69.43	0.43

Pakistan Cotton Spot rates: As on 08-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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