

Domestic Fundamentals:

Market Outlook: Cotton spot markets noticed mixed tone on Thursday.

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 are 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 up this month. World 2016-17 cotton production is projected at 103.28 million bales, around 6.55 per cent above last season. World ending stocks are now projected higher at 88.31 million bales. For India, production is forecast at 27.00 million bales higher than previous month's estimates of 26.50 million bales and India's crop is estimated 2.27 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	+8.00	913.5	931.5	913	923.50	3973	-1980	12790	-347
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	113.50	-	-
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	+260	18460	18850	18430	18720	1480	-589	2392	-116
Dec-16	+150	18450	18700	18430	18610	1436	-340	5186	180

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Nov-16		110		-	-	-
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	10-Nov-16	9-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	5200	5150	50
	Deesa	B.T. Cotton	Closed	Closed	-
	Dhrol	B.T. Cotton	Closed	Closed	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5180	5200	-20
	Bhiwani	Desi	4600	4600	Unch
	Adampur	B.T. Cotton	5000	5030	-30
	Fatehabad	B.T. Cotton	5080	5080	Unch
	Jind	B.T. Cotton	5180	5210	-30
	Uchana	B.T. Cotton	5140	5140	Unch
	Dabwali	B.T. Cotton	5000	4970	30
Rajasthan	Hanumangarh	B.T. Cotton	5250	5150	100
	Rawatsar	B.T. Cotton	4950	Closed	-
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	Closed	5025	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	4775	4760	15
Uttar Pradesh	Hathras	B.T. Cotton	4000	4000	Unch
	Hathras	Desi	4350	4350	Unch
Telangana	Adilabad	Un-Ginned	4700	4720	-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	5289	5316	-27
	Hubli	D.C.H.	NA	5409	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5000	5150	-150
Commodity	Lint		Prices (Rs./Mound)		Change
State	Centre	Variety	10-Nov-16	9-Nov-16	
Punjab	Bhatinda	J-34	3995	3995	Unch
	Abohar	J-34	4000	4000	Unch

	Mansa	J-34	4000	3990	10
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	3900	3910	-10
Rajasthan	Sri-Ganganagar	J-34	3666	Closed	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	10-Nov-16	9-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	10000	35000	-25000
	Deesa	B.T. Cotton	Closed	Closed	-
	Dhrol	B.T. Cotton	Closed	Closed	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	2000	500	1500
	Bhiwani	Desi	100	100	Unch
	Adampur	B.T. Cotton	1020	680	340
	Fatehabad	B.T. Cotton	1700	1700	Unch
	Jind	B.T. Cotton	50	60	-9
	Uchana	B.T. Cotton	1770	1580	190
	Dabwali	B.T. Cotton	1000	925	75
Rajasthan	Hanumangarh	B.T. Cotton	3200	3000	200
	Rawatsar	B.T. Cotton	200	Closed	-
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	Closed	8710	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	375	348	27
Uttar Pradesh	Hathras	B.T. Cotton	500	500	Unch
	Hathras	Desi	150	150	Unch
Telangana	Adilabad	Un-Ginned	16400	13422	2978
Andhra Pradesh	Guntur	Un-Ginned	NA	175	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	840	1050	-210
	Hubli	D.C.H.	NA	100	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	9375	1447	7928
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	10-Nov-16	9-Nov-16	
Punjab	Bhatinda	J-34	5950	8500	-2550
	Abohar	J-34	1190	2550	-1360
	Mansa	J-34	765	765	Unch
Haryana	Sirsa	J-34	1700	1700	Unch
Rajasthan	Sri-Ganganagar	J-34	2000	Closed	-

Cotton Association of India Spot Rates:

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

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

Centre	Unit	Price		Change
		10-Nov-16	9-Nov-16	
Mahesana (Kadi)	Rs./Qtl	Closed	Closed	-
Akola	Rs./Qtl	2090	2083	7

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 10-November-2016		
Index	RMB/Ton	Change
CCIndex(328)	15416	18
CCIndex(527)	14571	Unch
CCIndex(229)	15847	19
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 10-November-2016		
Index	Cents/lb	Change
FC Index (S)	81.31	-0.61
FC Index (M)	77.89	-0.62
FC Index (L)	75.81	-0.75

Cotlook Index: As on 09-November-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	77.75	0.25

USDA Cotton Spot Rates: As on 09-November-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	69.79	72.54	939
North Delta	68.29	71.04	NIL
South Delta	68.29	71.04	NIL
East TX-OK	68.00	70.00	1919
West Texas	67.50	69.25	2467
Desert SW	65.54	71.54	NIL
SJ Valley	66.79	76.69	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 09-November-2016

Contract	Open	High	Low	Close	Change
Dec-16	68.58	69.29	67.87	68.29	-0.46
Mar-17	69.40	69.83	68.41	68.86	-0.48
May-17	70.05	70.35	69.09	69.50	-0.50
Jul-17	70.45	70.77	69.51	69.93	-0.52
Oct-17	70.02	70.23	69.50	69.50	-0.45
Dec-17	69.37	69.50	68.49	68.71	-0.72

Pakistan Cotton Spot rates: As on 09-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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