

Domestic Fundamentals:

Market Outlook: Cotton spot markets witnessed mostly steady to firm tone on Friday.

In The News: There is decline in cotton supply in Gujarat State amid Rs.500 and Rs.1000 note ban by the Government. From around arrivals of 35,000 bales of cotton during Diwali, arrivals have declined to around 15000 bales. Ginners can pay in cheques only and farmers are not ready to accept cheques. There was no auction on Thursday. Around 20% of the farmers are ready for cheque payment.

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.

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	+10.00	941.5	958.5	940	944.50	6772	2799	11981	-809
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	83.50	-	-
May-17	-	-	-

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

*Updated at 5:22 pm

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-16	+410	19000	19410	19000	19260	1943	-1052	2184	-324
Dec-16	+230	18950	19120	18860	18960	1943	-847	2184	-2822

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Nov-16		300		-	-	-
Dec-16			-	-	-	-
	—			-	-	-

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

* Updated at 5:22 pm

DOMESTIC PRICES AND ARRIVALS

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	11-Nov-16	10-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	5250	5200	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	5200	5180	20
	Bhiwani	Desi	4600	4600	Unch
	Adampur	B.T. Cotton	5125	5000	125
	Fatehabad	B.T. Cotton	5180	5080	100
	Jind	B.T. Cotton	5400	5180	220
	Uchana	B.T. Cotton	5151	5140	11
	Dabwali	B.T. Cotton	5175	5000	175
Rajasthan	Hanumangarh	B.T. Cotton	5250	5250	Unch
	Rawatsar	B.T. Cotton	5000	4950	50
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	5000	Closed	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	4800	4775	25
Uttar Pradesh	Hathras	B.T. Cotton	4000	4000	Unch
	Hathras	Desi	4200	4350	-150
Telangana	Adilabad	Un-Ginned	4710	4700	10
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4160	4160	Unch
Karnataka	Bijapur	Bunny	5979	5289	690
	Hubli	D.C.H.	NA	5440	-
	Hubli	B.T. Cotton	NA	5959	-
	Raichur	H-44 Cotton	NA	5000	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	11-Nov-16	10-Nov-16	
Punjab	Bhatinda	J-34	4040	3995	45
	Abohar	J-34	4050	4000	50

	Mansa	J-34	4030	4000	30
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	3950	3900	50
Rajasthan	Sri-Ganganagar	J-34	3713	3666	47

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	11-Nov-16	10-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	50000	10000	40000
	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	2000	Unch
	Bhiwani	Desi	50	100	-50
	Adampur	B.T. Cotton	850	1020	-170
	Fatehabad	B.T. Cotton	2000	1700	300
	Jind	B.T. Cotton	150	50	99
	Uchana	B.T. Cotton	1630	1770	-140
	Dabwali	B.T. Cotton	1150	1000	150
Rajasthan	Hanumangarh	B.T. Cotton	3000	3200	-200
	Rawatsar	B.T. Cotton	800	200	600
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	4620	Closed	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	400	375	25
Uttar Pradesh	Hathras	B.T. Cotton	150	500	-350
	Hathras	Desi	30	150	-120
Telangana	Adilabad	Un-Ginned	15797	16400	-603
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	910	840	70
	Hubli	D.C.H.	NA	46	-
	Hubli	B.T. Cotton	NA	6	-

	Raichur	H-44 Cotton	NA	9375	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	11-Nov-16	10-Nov-16	
Punjab	Bhatinda	J-34	6800	5950	850
	Abohar	J-34	1020	1190	-170
	Mansa	J-34	595	765	-170
Haryana	Sirsa	J-34	850	1700	-850
Rajasthan	Sri-Ganganagar	J-34	2000	2000	Unch

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				10-Nov-16	9-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	36800	36500	300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	37500	37200	300
Shankar-6(105)	29mm	3.5 - 4.9	28	38000	37700	300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	38900	38600	300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39600	39300	300
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
		11-Nov-16	10-Nov-16	
Rajkot	Rs. /10 Kg.	Closed	Closed	-
New Delhi	Rs. /10 Kg.	655	640	15
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
		11-Nov-16	10-Nov-16	
Mahesana (Kadi)	Rs./Qtl	Closed	Closed	-
Akola	Rs./Qtl	2089	2090	-1

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 11-November-2016</u>		
Index	RMB/Ton	Change
CCIndex(328)	15615	199
CCIndex(527)	14708	137
CCIndex(229)	16029	182
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 11-November-2016</u>		
Index	Cents/lb	Change
FC Index (S)	82.26	0.95
FC Index (M)	78.83	0.94
FC Index (L)	76.74	0.93

<u>Cotlook Index: As on 10-November-2016</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	77.25	-0.50

<u>USDA Cotton Spot Rates: As on 10-November-2016</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	70.70	73.45	1600
North Delta	69.20	71.95	NIL
South Delta	69.20	71.95	420
East TX-OK	68.75	70.75	7284
West Texas	68.25	70.00	3823
Desert SW	66.45	72.45	NIL
SJ Valley	67.70	77.60	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 10-November-2016

Contract	Open	High	Low	Close	Change
Dec-16	68.29	69.79	68.16	69.20	0.91
Mar-17	68.68	70.40	68.68	69.83	0.97
May-17	69.49	71.04	69.38	70.50	1.00
Jul-17	69.89	71.40	69.80	70.95	1.02
Oct-17	70.01	70.31	70.00	70.17	0.67
Dec-17	68.55	70.00	68.55	69.50	0.79

Pakistan Cotton Spot rates: As on 10-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

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.