

Domestic Fundamentals:

Market Outlook: Cotton spot market noticed mixed tone on Wednesday.

In The News: With a view to protect domestic manufacturing industry from foreign competition (especially from China), the Indian govt. had raised basic customs duty (BCD) on polyester/man-made fabric from 10 per cent to 20 per cent.

With a view to control domestic cotton prices, the Indian Cotton Federation (ICF) had asked the govt. to procure 100 lakh bales of cotton from the farmers this season.

In line with the bonus payment announced to the cotton farmers in Gujarat; the cotton grower in Maharashtra too demanded a bonus payment of at least Rs 500/quintal for their product from the government.

In a move to ensure better remunerative prices to the farmers, the Gujarat govt. had declared a bonus of Rs 100 per 20 kg of the cotton sold directly to the Cotton Corporation of India (CCI) which is in addition to the MSP (Minimum Support Price) paid for the crop.

To mitigate for the loss incurred due to the untimely rain in Telangana, the Communist Party of India (Marxist) Telangana State committee had demanded the state govt. to procure cotton crop from the farmers at a support price of Rs 7,000/quintal.

According to the official figures, cotton has been sown on 123.17 lakh hectares as on October 13, 2017 across the country compared to 103.69 lakh hectares during the same period previous year.

Heavy rain in the major cotton growing region of India (Maharashtra, Gujarat, M.P, Andhra Pradesh, Telangana & Karnataka) had adversely affected cotton sowing and arrivals into the country.

In its first advance estimate, the agriculture ministry of India projected the country to produce 32.3 million bales of cotton in 2017-18 which is 2.12% lower than the cotton produced last year in 2016-17.

On the back of favorable weather conditions and lucrative expected returns, rating agency, ICRA projected India to produce 36 million bales of cotton in 2018, up by 6 per cent from the previous year.

The Indian govt. had increased cotton MSP (Minimum Support Price) for long staple cotton from Rs 4,160/quintal in 2016-17 to Rs 4,320/quintal in 2017-18.

As per the latest report published by USDA, India is expected to produce 6.09 million Tonnes of cotton in 2017-18 which is 5.7% higher than the cotton produced last year in 2016-17.

Farmers are likely to increase the area under cotton amid expectation of good monsoon this season and higher price of cotton during the previous season, farmers. According to initial projections by the Central Institute of Cotton Research, Nagpur, the cotton area sown would be around 6 lakh hectares in Haryana (compared to 4.98 lakh hectares during 2016-17) and 4 lakh hectare in Punjab (compared to 2.56 lakh hectares in 2016-17).

International Fundamentals:

The International Cotton Advisory Committee (ICAC) had upraised its world's cotton output projection to 25.57 million tonnes in 2017-18 (01st October, 2017 -30th September, 2018).

Market player, Cotlook predicted global cotton production of 26.03 million tonnes in 2017-18 (01st October, 2017 -30th September, 2018).

According to China's General Administration of Customs, China imported 441,571 metric tonnes of cotton from U.S. during the period January –September 2017, an increase of 140.48% compared to the same period previous year. In the month of September 2017, China's imports of cotton from U.S. increased by 89.62% to 33,594 metric tonnes.

On the back of a higher production estimate in India & U.S, the International Cotton Advisory Committee (ICAC) projected world's cotton output to rise by 10% to 25.5 million tonnes in 2017-18 (01st October, 2017 -30th September, 2018).

On the other hand, world' cotton consumption is expected to increase by 2.7% from 24.56 MMT in 2016-17 to 25.22 MMT in 2017-18. Wherein, China, the world's largest cotton consumer, is expected to consume 8.1 MMT of cotton during 2017-18 which is 1.5% higher than its cotton consumption last year.

ICAC also projected cotton export of 3.1 MMT from U.S (which is the largest cotton exporter in the world)and an import of 1.4 MMT by Bangladesh in 2017-18.

NCDEX Kapas Futures*: (Prices in Rs/20kg)									
Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Cont. (C1)	2	865.5	871.00	865.50	867.5	1,164	-1,260	6735	-83
Spread	Cont (C1)								
Spot	81.00				-		-		
	-				-		-		
Updated at 05:00 pm as on 01–Nov 2017									

MCX Cotton Futures*: (Prices in Rs/170 kgs)									
Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Oct-17	20	18990.00	19090.00	18860.00	19040.00	202	3	135	-128
Nov-17	90.00	18180.00	18300.00	18180.00	18170.00	303	-93	3607	53
Spread	Oct-17	Nov-17	-		-		--		--
Spot	870				-		-		-
Oct-17					-		-		-
(NB: Spread Basis = Spot- Near Month Future)									
* Updated at 05:00 pm as on 01–Nov 2017									

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity		Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	1-Nov-17	31-Oct-17		
Gujarat	Ahmedabad	Shankar-6	4650	4625	25	
	Gondal	Shankar-6	4630	4580	50	
	Rajkot	B.T. Cotton	4705	4625	80	
	Patan	B.T. Cotton	NR	NR	-	
	Kadi	B.T. Cotton	4700	4750	-50	
	Deesa	B.T. Cotton	NA	NA	-	
	Dhrol	B.T. Cotton	4580	4515	65	
Punjab	Fazilika	B.T. Cotton	NR	NR	-	
	Muktsar	B.T. Cotton	NR	NR	-	
Haryana	Bhiwani	B.T. Cotton (New Crop)	4900	4800	100	
	Bhiwani	Desi	NA	NA	-	
	Adampur	B.T. Cotton	4725	4670	55	
	Fatehabad	B.T. Cotton	4800	4750	50	
	Jind	B.T. Cotton	4840	4720	120	
	Uchana	B.T. Cotton	4739	4850	-111	
	Dabwali	B.T. Cotton	4600	4600	Unch	
Rajasthan	Hanumangarh	B.T. Cotton	4740	4760	-20	
	Rawatsar	B.T. Cotton	4650	4575	75	
Madhya Pradesh	Khandwa	Mech-1	4500	Closed	-	
	Khargaon	Mech-1	4755	4755	Unch	
Maharashtra	Amravati	Mech-1	4200	4200	Unch	
	Jamner	Medium Staple	NA	NA	-	
Uttar Pradesh	Hathras	B.T. Cotton	6200	6100	100	
	Hathras	Desi	5000	4900	100	
Telangana	Adilabad	Un-Ginned	4500	4475	25	
Andhra Pradesh	Guntur	Un-Ginned	NA	4100	-	
	Kurnool	Un-Ginned	NA	NA	-	
	Krishna	Un-Ginned	NA	NA	-	
	East Godavari	Un-Ginned	4320	4320	Unch	
Karnataka	Bijapur	Bunny	NA	4859	-	
	Hubli	D.C.H.	NA	4821	-	
	Hubli	B.T. Cotton	NA	NA	-	
	Raichur	H-44 Cotton	NA	4250	-	
Commodity		Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	1-Nov-17	31-Oct-17		

Punjab	Bhatinda	J-34	3845	3820	25
	Abohar	J-34	3845	3820	25
	Mansa	J-34	3840	3810	30
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3850	3830	20
Rajasthan	Sri-Ganganagar	J-34	3572	3544	28

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
	State	Centre	Variety	1-Nov-17	
Gujarat	Ahmedabad	Shankar-6	40800	28900	11900
	Gondal	Shankar-6	2547	2131	416
	Rajkot	B.T. Cotton	3150	3200	-50
	Patan	B.T. Cotton	NR	NR	-
	Kadi	B.T. Cotton	25000	25000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	307	319	-12
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	3000	4000	-1000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	2550	3400	-850
	Fatehabad	B.T. Cotton	650	450	200
	Jind	B.T. Cotton	911	595	316
	Uchana	B.T. Cotton	2055	1830	225
	Dabwali	B.T. Cotton	700	1000	-300
Rajasthan	Hanumangarh	B.T. Cotton	2000	3000	-1000
	Rawatsar	B.T. Cotton	700	1000	-300
Madhya Pradesh	Khandwa	Mech-1	400	Closed	-
	Khargaon	Mech-1	5210	9100	-3890
Maharashtra	Amravati	Mech-1	7000	7000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	125	150	-25
	Hathras	Desi	60	60	Unch
Telangana	Adilabad	Un-Ginned	27226	30250	-3024
Andhra Pradesh	Guntur	Un-Ginned	NA	60	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	3830	-
	Hubli	D.C.H.	NA	14	-
	Hubli	B.T. Cotton	NA	NA	-

Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	1-Nov-17	31-Oct-17	
	Raichur	H-44 Cotton	NA	2490	-
Punjab	Bhatinda	J-34	6800	8500	-1700
	Abohar	J-34	1360	1360	Unch
	Mansa	J-34	340	510	-170
Haryana	Sirsa	J-34	680	680	Unch
Rajasthan	Sri-Ganganagar	J-34	700	500	200

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				31-Oct-17	30-Oct-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39900	39900	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40900	40900	Unch
J-34(202)	26mm	3.5 - 4.9	23	35400	35400	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	37600	37600	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	37800	38000	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39100	39300	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	41300	41500	-200
DCH-32(107)	34mm	3.0 - 3.8	33	49500	49500	Unch

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

Centre	Unit	Price		Change
		1-Nov-17	31-Oct-17	
Rajkot	Rs. /10 Kg.	635	640	-5
New Delhi	Rs. /10 Kg.	640	640	Unch
Hyderabad	Rs. /10 Kg.	645	650	-5
Mumbai	Rs. /10 Kg.	665	675	-10

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

Centre	Unit	Price		Change
		1-Nov-17	31-Oct-17	
Mahesana (Kadi)	Rs./Qtl	1633	1596	37
Akola	Rs./Qtl	1445	1461	-16

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 01-November-2017

Index	RMB/Ton	Change
CCIndex(328)	15999	Unch
CCIndex(527)	14913	Unch
CCIndex(229)	16503	2

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

<u>China Foreign Cotton (FCE) Index : As on 31-October-2017</u>		
Index	Cents/lb	Change
FC Index (S)	83.21	0.42
FC Index (M)	78.92	0.38
FC Index (L)	76.92	0.50

<u>Cotlook Index: As on 31-October-2017</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	79.55	0.45

<u>USDA Cotton Spot Rates: As on 31-October-2017</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	69.13	70.38	526
North Delta	67.88	69.13	NIL
South Delta	67.88	69.13	NIL
East TX-OK	68.25	69.75	4492
West Texas	67.75	69.25	1953
Desert SW	63.13	67.13	NIL
SJ Valley	64.38	73.28	84.00

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

<u>ICE Cotton Futures (Prices in cents/lb.): Ason 31-October-2017</u>					
Contract	Open	High	Low	Close	Change
Dec-17	68.71	68.91	68.11	68.38	-0.26
Mar-18	68.60	68.79	68.07	68.34	-0.24
May-18	69.72	69.82	69.15	69.42	-0.23
Jul-18	70.43	70.45	69.87	70.16	-0.20
Oct-18	69.71	69.71	69.71	69.71	-0.17
Dec-18	69.05	69.39	69.05	69.30	-0.17

Pakistan Cotton Spot rates: As on 31-October-2017				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6300	145	6445
Equivalent	40 Kgs	6752	155	6907

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