

Domestic Fundamentals:

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

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	3-Nov-17	2-Nov-17	
Gujarat	Ahmedabad	Shankar-6	4700	4700	Unch
	Gondal	Shankar-6	NR	4600	-
	Rajkot	B.T. Cotton	4680	4715	-35
	Patan	B.T. Cotton	4635	4640	-5
	Kadi	B.T. Cotton	4750	4800	-50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4580	4630	-50
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton (New Crop)	4900	4900	Unch
	Bhiwani	Desi	4900	4900	Unch
	Adampur	B.T. Cotton	4780	4670	110
	Fatehabad	B.T. Cotton	4820	4790	30
	Jind	B.T. Cotton	4750	4700	50
	Uchana	B.T. Cotton	4816	4821	-5
	Dabwali	B.T. Cotton	4650	4640	10
Rajasthan	Hanumangarh	B.T. Cotton	4780	4780	Unch
	Rawatsar	B.T. Cotton	4650	4700	-50
Madhya Pradesh	Khandwa	Mech-1	4700	4600	100
	Khargaon	Mech-1	2800	4700	-1900
Maharashtra	Amravati	Mech-1	4400	4200	200
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5880	6100	-220
	Hathras	Desi	4900	NR	-
Telangana	Adilabad	Un-Ginned	4510	4500	10
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	4809	NA	-
	Hubli	D.C.H.	4853	4855	-2
	Hubli	B.T. Cotton	NA	5500	-
	Raichur	H-44 Cotton	NA	4250	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	3-Nov-17	2-Nov-17	
Punjab	Bhatinda	J-34	3860	3860	Unch
	Abohar	J-34	3860	3855	5

	Mansa	J-34	3850	3840	10
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3870	3860	10
Rajasthan	Sri-Ganganagar	J-34	3582	3572	9

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	3-Nov-17	2-Nov-17	
Gujarat	Ahmedabad	Shankar-6	42500	34000	8500
	Gondal	Shankar-6	NR	2542	-
	Rajkot	B.T. Cotton	4100	4050	50
	Patan	B.T. Cotton	10158	9125	1033
	Kadi	B.T. Cotton	40000	25000	15000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	295	267	28
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	3000	4000	-1000
	Bhiwani	Desi	115	100	15
	Adampur	B.T. Cotton	850	1700	-850
	Fatehabad	B.T. Cotton	550	400	150
	Jind	B.T. Cotton	765	425	340
	Uchana	B.T. Cotton	2405	1845	560
	Dabwali	B.T. Cotton	500	700	-200
Rajasthan	Hanumangarh	B.T. Cotton	2000	1700	300
	Rawatsar	B.T. Cotton	1000	1000	Unch
Madhya Pradesh	Khandwa	Mech-1	600	400	200
	Khargaon	Mech-1	6850	6800	50
Maharashtra	Amravati	Mech-1	6000	6000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	85	90	-5
	Hathras	Desi	30	NR	-
Telangana	Adilabad	Un-Ginned	25228	27999	-2771
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	3170	NA	-
	Hubli	D.C.H.	24	258	-234
	Hubli	B.T. Cotton	NA	22	-
	Raichur	H-44 Cotton	NA	4882	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	3-Nov-17	2-Nov-17	

Punjab	Bhatinda	J-34	5950	6800	-850
	Abohar	J-34	1360	1190	170
	Mansa	J-34	340	340	Unch
Haryana	Sirsa	J-34	510	850	-340
Rajasthan	Sri-Ganganagar	J-34	500	700	-200

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				2-Nov-17	1-Nov-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	35600	35600	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	37800	37800	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	38000	38000	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39300	39300	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	41500	41500	Unch
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
		3-Nov-17	2-Nov-17	
Rajkot	Rs. /10 Kg.	648	640	8
New Delhi	Rs. /10 Kg.	645	635	10
Hyderabad	Rs. /10 Kg.	645	645	Unch
Mumbai	Rs. /10 Kg.	670	660	10

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

Centre	Unit	Price		Change
		3-Nov-17	2-Nov-17	
Mahesana (Kadi)	Rs./Qtl	1633	1647	-14
Akola	Rs./Qtl	1480	1453	27

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 3-November-2017

Index	RMB/Ton	Change
CCIndex(328)	16007	5
CCIndex(527)	14926	7

CCIndex(229)	16513	8
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 03-November-2017

Index	Cents/lb	Change
FC Index (S)	83.80	1.01
FC Index (M)	79.47	1.03
FC Index (L)	77.43	0.95

Cotlook Index: As on 02-November-2017

Cotlook Indices	Cents/Pound	Change
A-Index	79.00	-0.25

USDA Cotton Spot Rates: As on 02-November-2017

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	69.83	71.08	NIL
North Delta	68.33	69.58	623
South Delta	68.33	69.58	2848
East TX-OK	67.75	69.25	9150
West Texas	68.25	69.75	4726
Desert SW	63.83	67.83	NIL
SJ Valley	65.08	73.98	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.): Ason 02-November-2017

Contract	Open	High	Low	Close	Change
Dec-17	68.40	69.30	68.11	69.08	0.91
Mar-18	68.35	69.00	68.06	68.97	0.82
May-18	69.42	70.06	69.14	70.03	0.81
Jul-18	70.13	70.75	69.84	70.73	0.77
Oct-18	69.98	69.98	69.98	69.98	0.59
Dec-18	69.23	69.85	69.00	69.83	0.78

<u>Pakistan Cotton Spot rates: As on 02-November-2017</u>				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6250	145	6395
Equivalent	40 Kgs	6698	155	6853

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