

Current Market Outlook

Domestic Weekly Price Scenario: Cotton spot prices noticed mostly weak tone during the week.

Average price of Kapas at Rajkot during the week was Rs. 5633 per quintal, which stood at Rs. 6008 previous week. Average price of Lint at Sirsa during the week was Rs. 4032 per maund (of 37.32 Kg each), compared to the previous week price of Rs 4333. Cotton fiber (Shankar-6) prices noticed easy tone this week. Average price was Rs 42860 per candy (of 355.6 kg each) during the week, which was Rs 44466 per candy previous week. Future price of cotton (at NCDEX, April'17 contract) closed lower this week at Rs. 872.50 per maund (of 20 kg each) which was Rs 881.00 a week earlier.

Cotton Price Outlook (For Coming Week): In the coming week we expect Kapas price to remain range bound to weak with the price band of Rs. 5100-5500 per quintal in the bench mark market. Lint price at Sirsa is likely to be in range of Rs 3900-4200 per maund. Kapas prices at NCDEX (April'17 contract), is expected to hover in the range of Rs. 850-900 per maund (of 20 kg each).

Major Market Highlights: News:

India's cotton yarn exports declined 4.4 percent in terms of volume and 11.58 per cent in value terms during April –June 2016. This is mainly due to decline in exports to China. China imported 149.66 mkg of cotton yarn during the first three months of last financial year (2015-2016) and it dropped to 99.09 mkg during the same period this year. Total cotton yarn exports from India used to be 140 mkg a month and it has dropped to about 100 mkg now.

The ongoing rivalry between India and Pakistan is likely to affect exports to Pakistan. Pakistan is the largest buyer of Indian cotton and the world's third largest consumer. At the moment there is no cotton trade. According to sources, there has been no inquiry during the last few days. Indian exporters are also not willing to export to Pakistan and looking for different markets. According to trade sources, India could export around 5 million bales in the 2016/17 crop year, but exports could decline to 3 million bales without Pakistani imports.

India exported 0.054 lakh bales of cotton last week (03 -08 October 2016), which was 0.074 lakh bales previous to last week (26 September -02 October 2016), according to the data released by IBIS and compiled by Agriwatch.

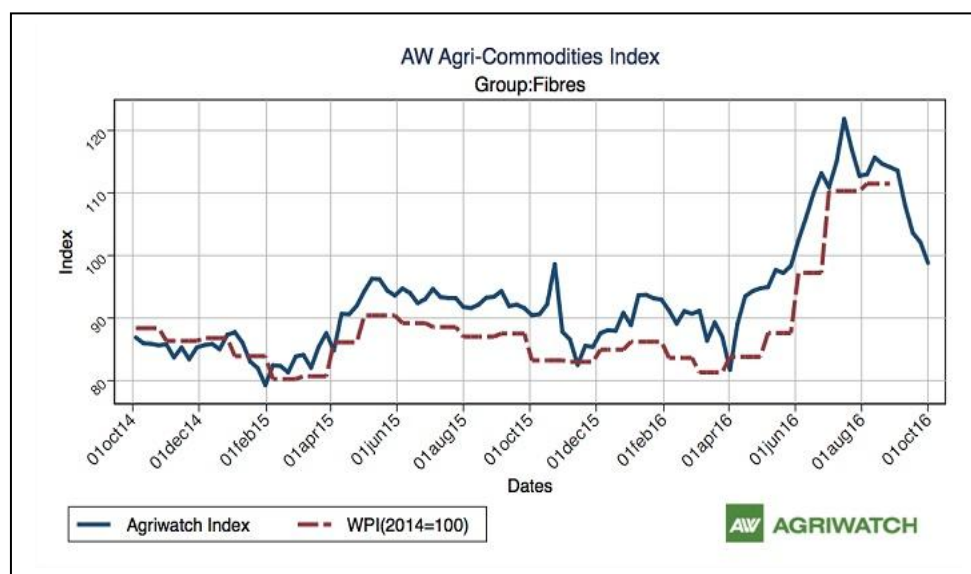
Major importer of Indian cotton during the week (03 -08 October, 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.046 lakh bales of cotton from India in the past week (03 -08 October, 2016). Other major importers were Pakistan and Japan and their imported volumes were 0.006 lakh bales and 0.002 lakh bales respectively.

AW Cotton Index - 02 OCT. 2016

The Agriwatch Agri Commodities Index edged down 0.20% to 115.90 during the week ended Oct 1, 2016 from 116.13 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).



The Fiber Index declined by -3.23% week-on-week.

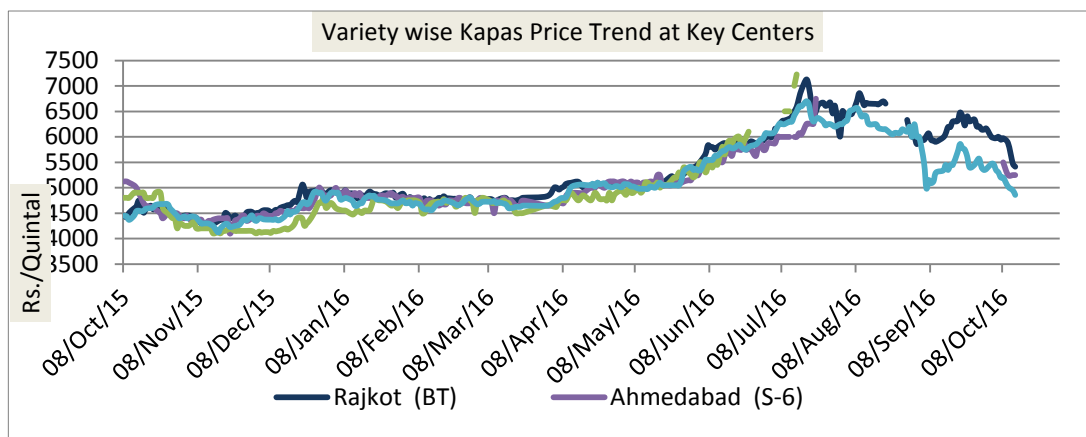


"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. The indices include an Aggregate Index, Category Indices and individual commodity indices. The weekly indices are free to access on our website www.agriwatch.com. The daily indices are available on subscription. Please contact for more details."

Domestic Cotton Prices Scenario

Kapas (Raw Cotton) Weekly Price Scenario

Weekly Price Review:
Kapas price remained weak during the week amid lack of demand in the market. Weekly average price of Kapas at Rajkot remained at Rs. 5633 per quintal, lower compared to previous week price of Rs. 6008 per quintal.

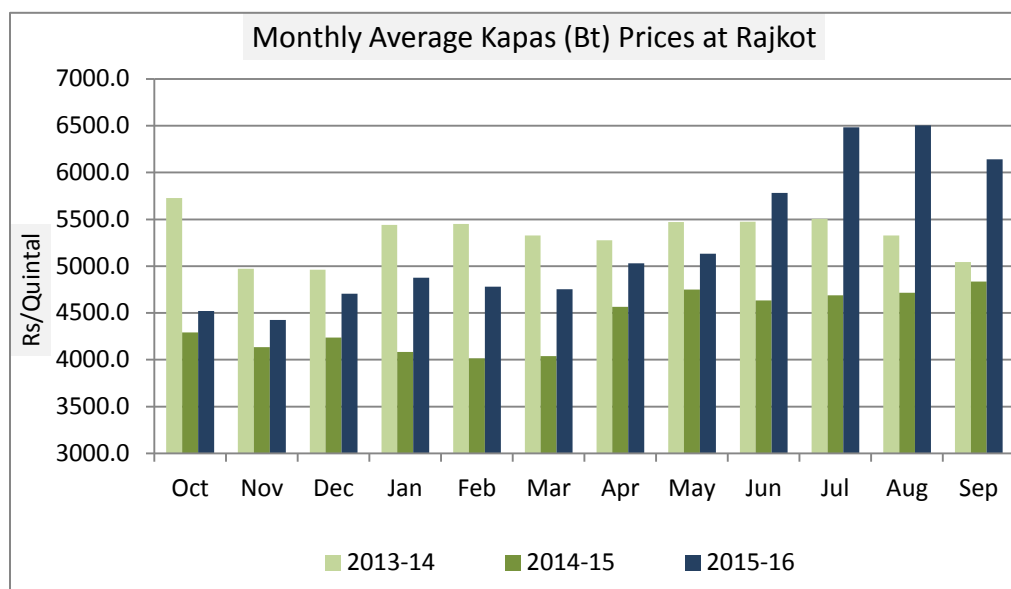


According to latest USDA attaché report, India's 2016/17 cotton production forecast is 26.50 million 480 lb. bales on marginally lower acreage of 11.8 million hectares. Higher yields are expected through a combination of better crop, pest, and weed management practices and assuming a normal monsoon

Weekly Price Outlook: Kapas prices are expected to remain range-bound to firm in coming days. The expected range for Kapas at Rajkot is Rs 5100-5500 per quintal for the coming week.

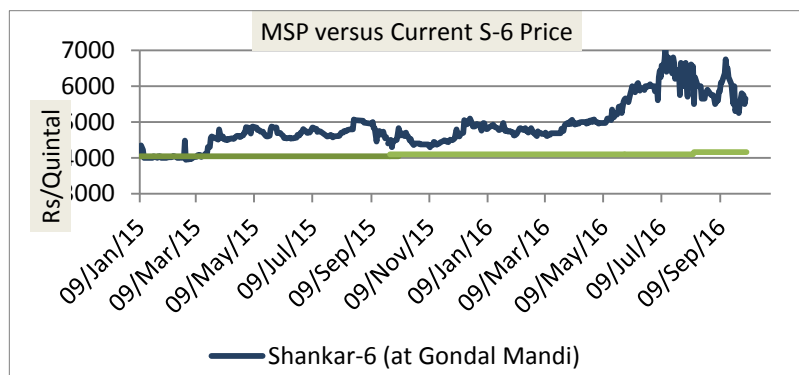
Kapas Monthly Y-o-Y Price Scenario

Kapas (seed cotton) prices in country noticed weak momentum during the month of September following the lack of good export demand. The cotton price remained weak during September compared to the previous month, and the same is ruling higher compared to the prices during the corresponding month of the previous season.



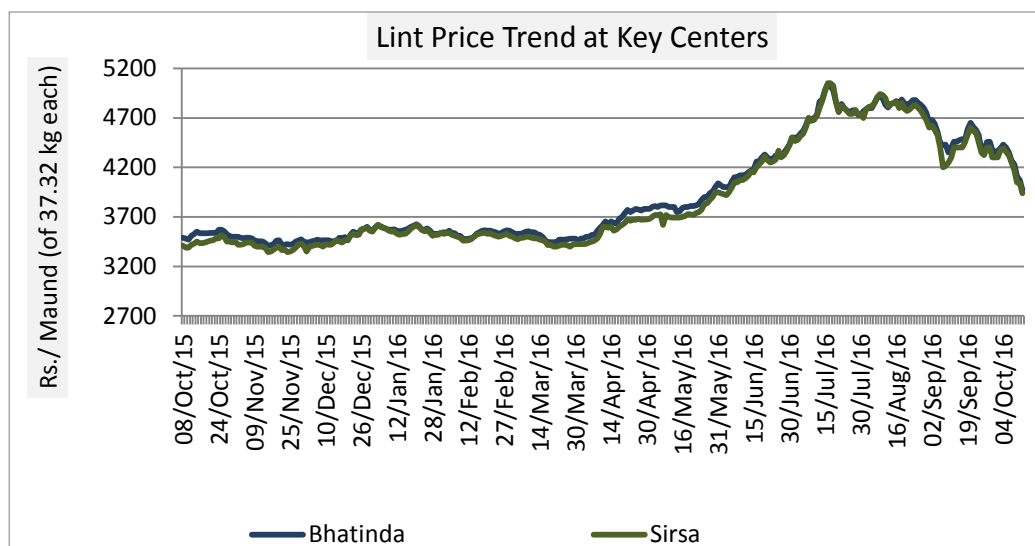
Spot Price versus MSP

The Kapas prices are ruling above the MSP so far. The gap between the two prices has widened this week. The average gap between the prices was Rs. 1515 this week compared to Rs 1276.67 a week earlier. This indicates prices are declining.



Lint (De-Seeded Cotton) Weekly Price Scenario

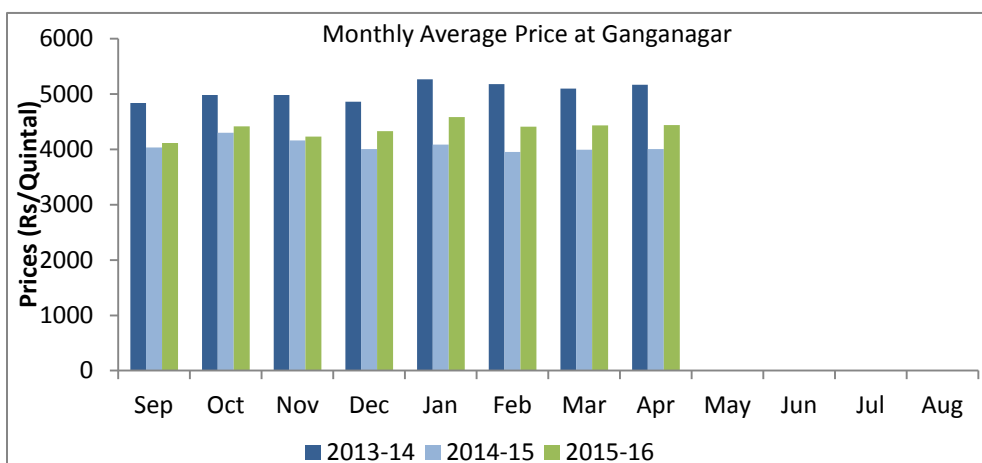
Weekly Price Review: As weak sentiments are prevailing in market, lint prices remained weak during the week. Weekly average price of Lint at Sirsa remained Rs. 4032 per maund of 37.32 kg each, lower compared to the previous week price of Rs. 4333 per maund.



Weekly Price Outlook: Lint prices are expected to remain range bound to weak during the week. We expect Lint at Sirsa to remain in the range of Rs. 3900-4200 per maund.

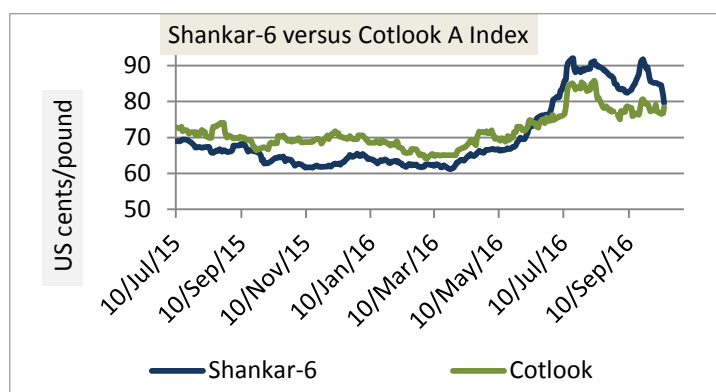
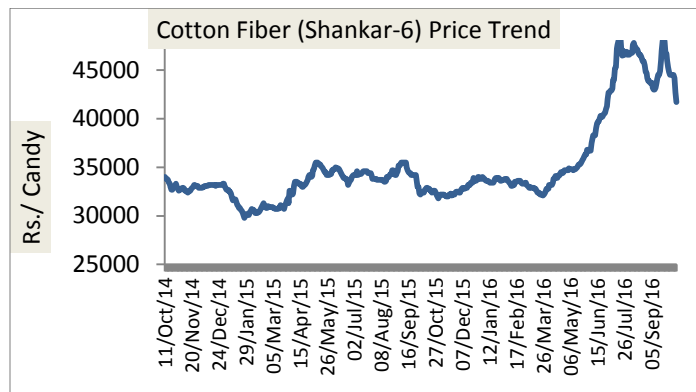
Lint Monthly Y-o-Y Price Scenario

Currently there are no arrivals in Ganganagar.



Cotton Fiber Weekly Price Scenario

Following downward movement in Kapas prices, cotton fiber moved southwards this week. Weekly average price of cotton (Shankar-6) at Mumbai remained Rs 42860 per candy (of 355.6 kg each) compared to the prices of previous week which was Rs. 44466 per candy.

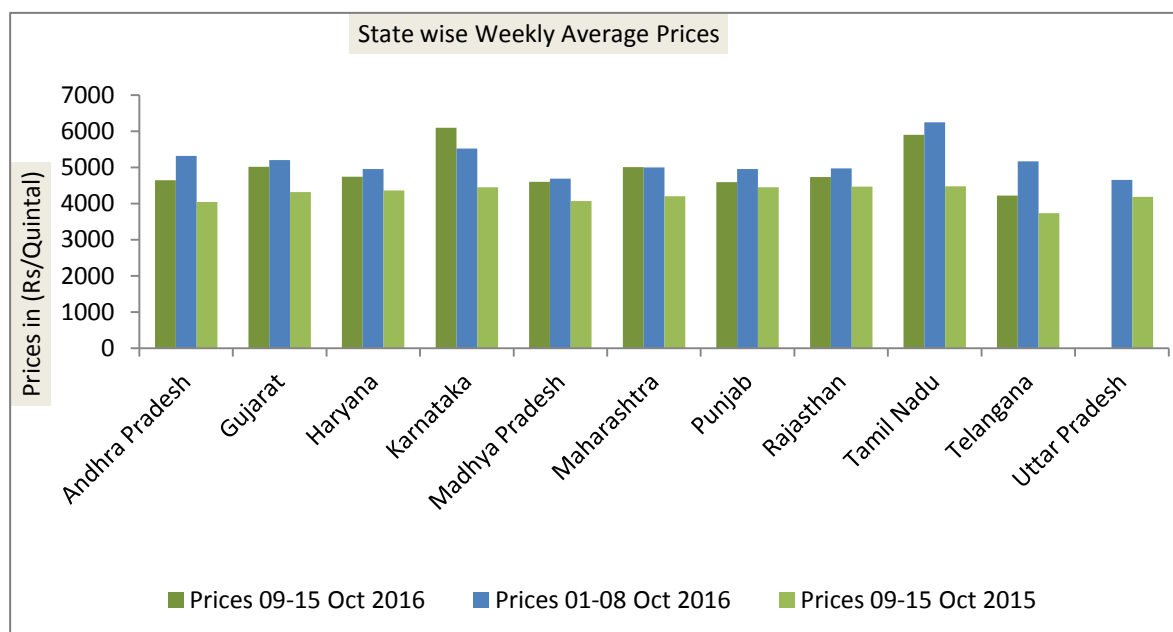


Indian Fiber price versus International Fiber Price: Indian fiber prices are ruling fairly above the international price. Against the weekly average Cotlook A Index of 77.14 cents/pound, Indian weekly average price stood at 82.66 cents/pound, making Indian fiber uncompetitive in international market.

Weekly Price Outlook: Shankar-6 price in the coming week is expected to hover in range of Rs 38000-42000 per candy

State wise Weekly Price Scenario

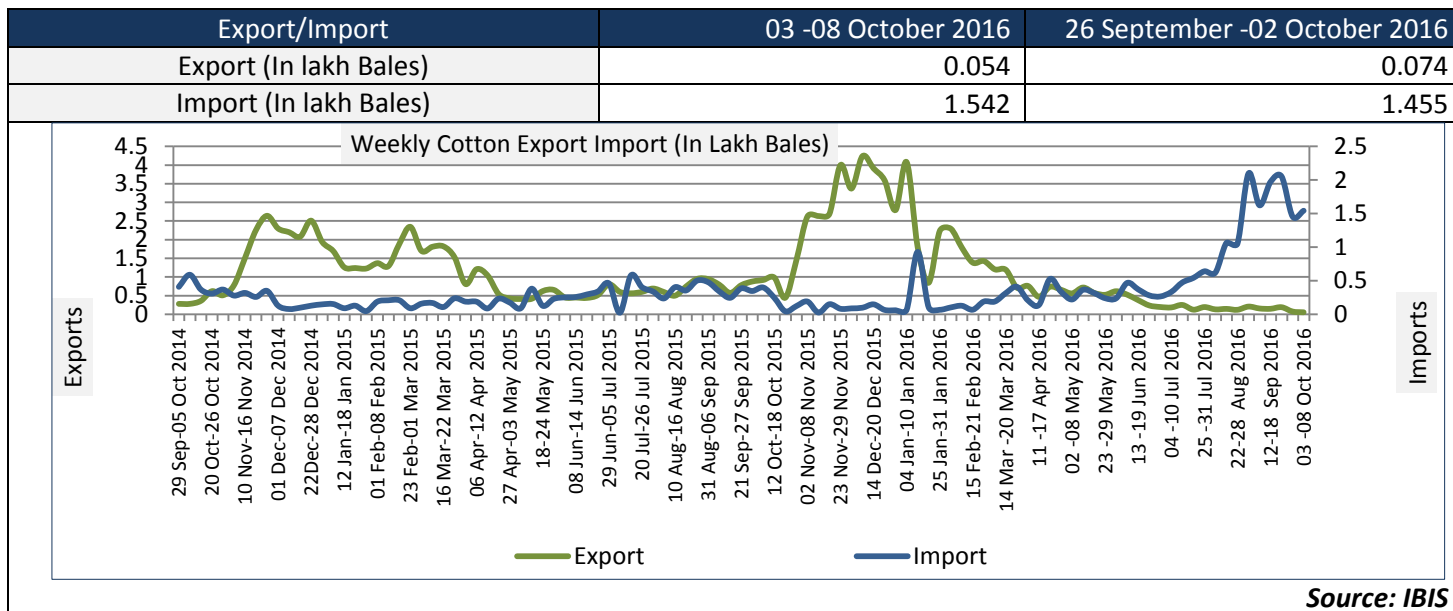
On week on week basis, prices are by and large showing firm trend in most of the States, highest price was recorded in Karnataka followed by Tamil Nadu this week and lowest was in Telangana followed by unjab. On year on year basis, cotton prices are reflecting uptrend in all of the States.



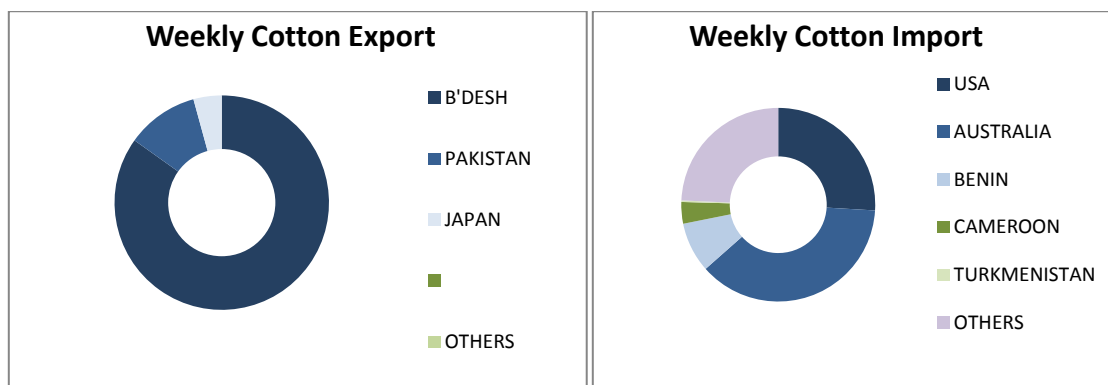
Prices have been summarized in the table given in annexure.

Cotton Weekly Export and Import

India exported 0.054 lakh bales of cotton last week (03 -08 October 2016), which was 0.074 lakh bales during the week before (26 September -02 October 2016), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 1.542 lakh bales last week, which was 1.455 lakh bales the week before .



Major importer of Indian cotton during the week (03 -08 October 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.046 lakh bales of cotton from India in the past week (03 -08 October 2016). Other major importers were Pakistan and Japan and their imported volumes were 0.006 and 0.002 lakh bales respectively. India exported 0.054 lakh bales of cotton last week (03 -08 October 2016), which was 0.074 lakh bales previous to last week (26 September -02 October 2016), according to the data released by IBIS and compiled by Agriwatch.



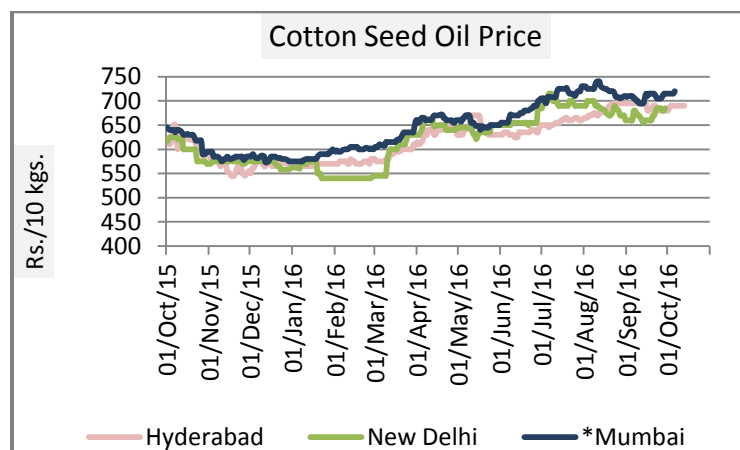
Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil Weekly Price Scenario

Cotton seed oil price noticed firm tone during the week. Weekly average price in New Delhi remained Rs 671 per 10 Kg, lower compared to the weekly average price of Rs 663 per 10 Kg in previous week.

Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	13-Oct-16	06-Oct-16	
New Delhi	683	671	1.86
Rajkot	723	705	2.48
Hyderabad	690	687	0.49
Mumbai*	716	711	0.70

*Vat Included

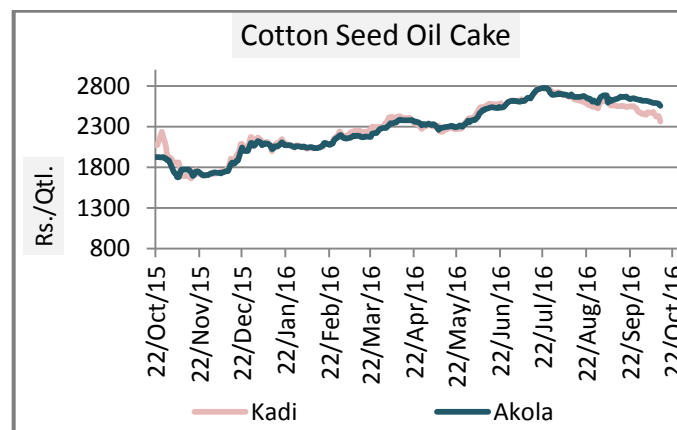


Cotton Seed Oil Cake Weekly Price Scenario

Cotton seed oil cake price noticed weak tone during the week. Weekly average price in Akola remained Rs 2587 per quintal, lower compared to the weekly average price of previous week of Rs 2617 per quintal.

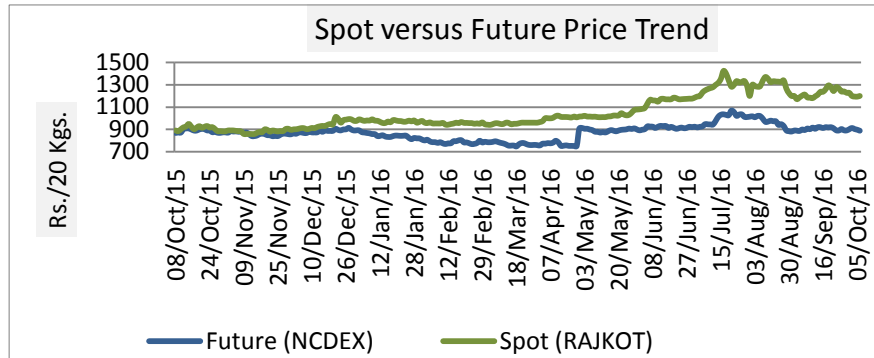
Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	13-Oct-16	06-Oct-16	
Kadi	2441	2465	-1.01
Akola	2587	2617	-1.12

*Source: NCDEX



Cotton Spot and Future Price Trend

Cotton future price closed lower this week. Kapas at NCDEX (April'17) closed at Rs 872.50 as on 13 Oct 2016, compared to 881.00 a week earlier. The gap between the spot and future prices has narrowed. Average gap between the spot and future price during the week was Rs.256.10.40 which was Rs 303.40 a week earlier.



Technical Analysis of Kapas Future Prices at NCDEX(April'17 Contract)



Weekly Technical Outlook:

- Kapas prices noticed weak tone during the week.
- RSI is increasing in the neutral zone.
- MACD signal line and center line denotes neutrals crossover.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range-bound To Weak Momentum	850-900

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
850	830	900	930
Figures in Rs/20 Kg			

International Market Scenario

International cotton prices remained range bound to weak during the week. Cotlook A index weekly average stood at 77.14 cents/pound this week, which was 77.83 cents/pound during last week.

Major Market Highlights: According to International Cotton Advisory Committee (ICAC), global cotton acreage is expected to decline by 1% to 30 million hectares in 2016 -17, the lowest acreage since 2009 -10. However production is expected to increase by 7% to 22.6 million tons following 9 per cent improvement in yield to 753 kg. per hectare.

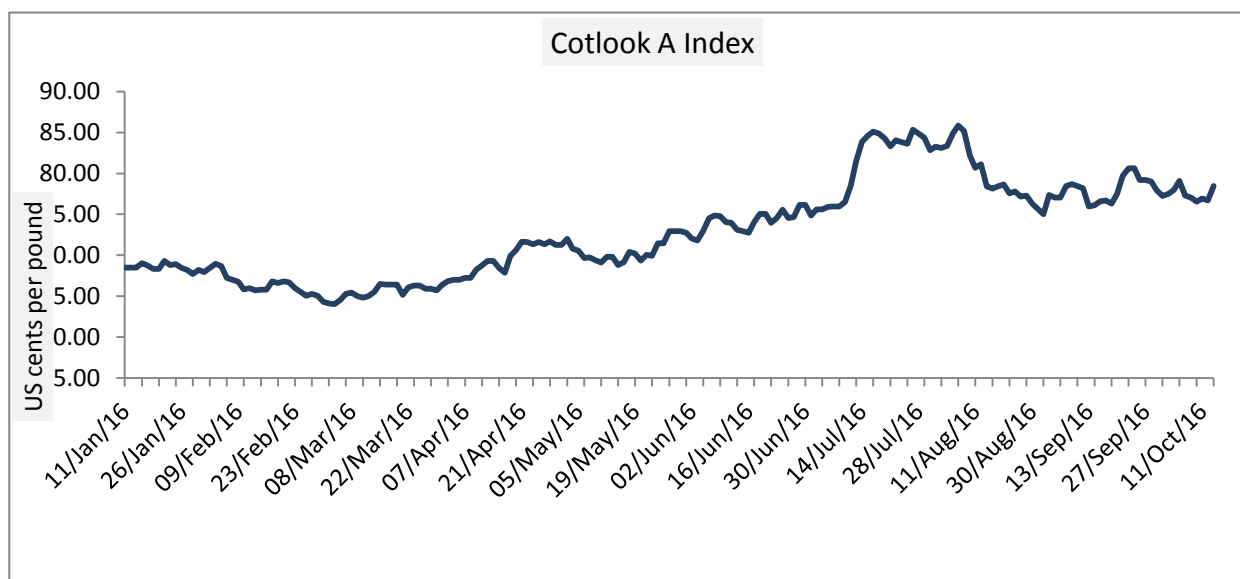
According to the latest report on cost of cotton production by International Cotton Advisory Committee (ICAC), insect control costs are declining. On an average a farmer spends 12 US cents per kilogram of lint produced in 2015 -16, which is around 10 per cent of the net cost of lint production as against 16 US cents in the 2012-13 season. Costs have declined mainly due to more cautious use of insecticides by farmers.

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.

Cotlook A Index

Cotlook A index remained range bound to weak tone during the week.

Global cotton consumption is likely to be around 23.86 million tons in season 2015-



16, which was estimated to be around 24.15 million tons a month earlier. In the earlier estimates by USDA, consumption was expected to rise but considering the current figures, cotton consumption would be standing at around 0.6% lower compared to the previous season.

Cotlook A Index	Weekly Average Price as on		% Change
	13-Oct-16	06-Oct-16	
Prices	77.14	77.83	-0.9
Prices in US cents per Pound			

China Cotton Index and Foreign Cotton Index

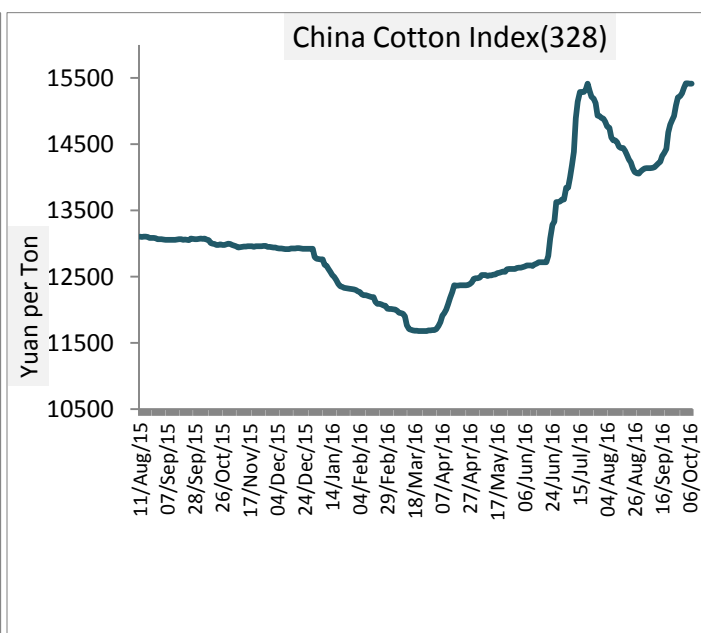
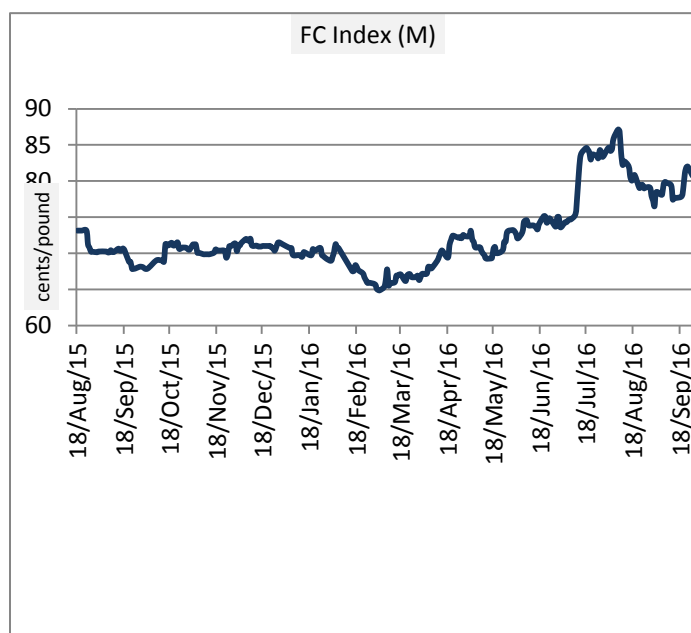
China is likely to import 1.08 million tons of cotton in 2015-16, around 9% lower compared to the estimates of 1.19 million tons previous month and around 39% lower compared to the imports of 1.80 million tons during previous season, according to USDA.

In 2016, China's cotton yarn import declined by 30 per cent y-o-y to 960 mkg worth US\$2430 million. According to report released by www.yarnsandfibers.com (YarnsandFibers), imports from India declined by 49 per cent to US\$560 million for 231 mkg. Price-wise, Pakistan was the cheapest supplier of cotton yarn for China, followed by India and then by Vietnam.

Cotton Index	Weekly Average Price as on		% Change
	13-Oct-16	06-Oct-16	
FC (S)	81.40	83.47	-2.48
FC (M)	77.88	80.66	-3.45
FC (L)	75.66	78.05	-3.06
Prices in US cents per Pound			

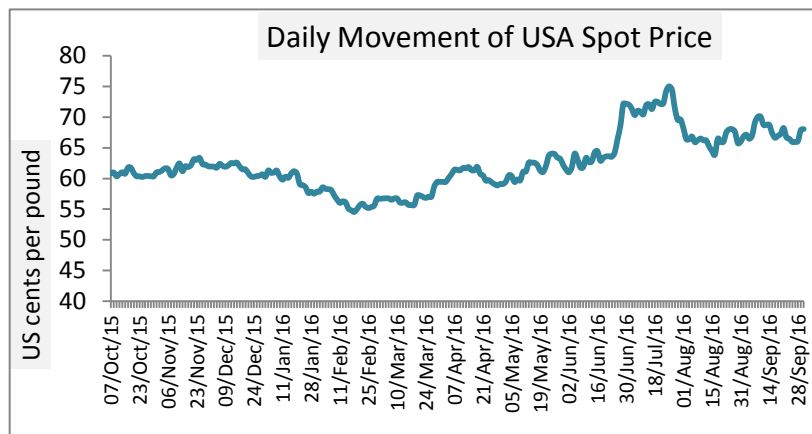
China Index remained firm during the week. CC Index (328) remained 13546 Yuan per ton during the week. Average was 13450 Yuan per ton during previous week.

Cotton Index	Weekly Average Price as on		% Change
	13-Oct-16	06-Oct-16	
CCIndex(229)	15382	15063	2.12
CCIndex(328)	14571	14230	2.39
CCIndex(527)	15658	15367	1.89
Prices in Yuan per ton			



USA Spot Prices

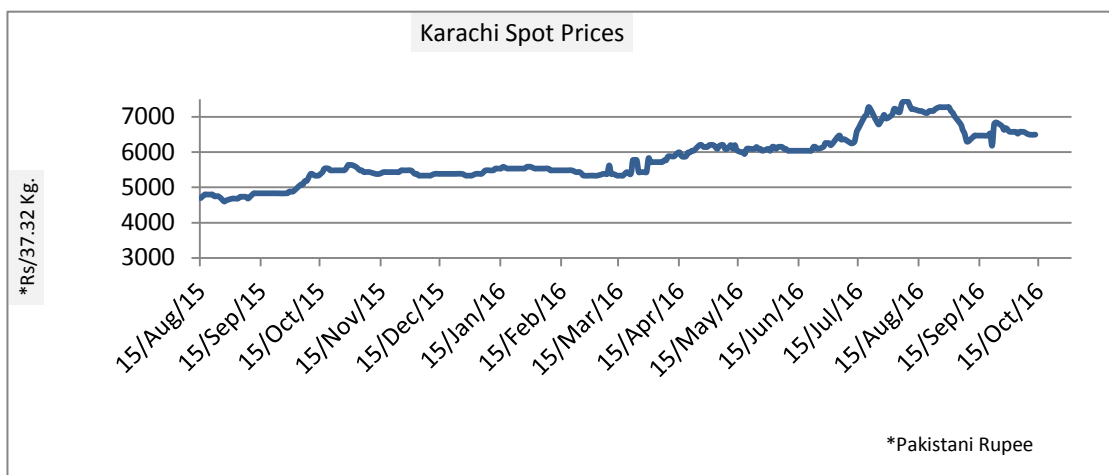
According to USDA latest report, global 2015/16 cotton ending stocks are revised down this month. Production in India and Pakistan is estimated to be lower, based on arrivals at gins, but higher in European Union. The 1.0-million-bale reduction in India's crop reflects an early withdrawal of monsoon rainfall combined with pest damage in the northern States. World ending stocks are now projected at 87.35 million bales.



USA Spot Prices	Weekly Average Price as on		% Change
	13-Oct-16	06-Oct-16	
Prices	66.81	67.16	-0.52
Prices in US cents per Pound			

Pakistan Spot Prices

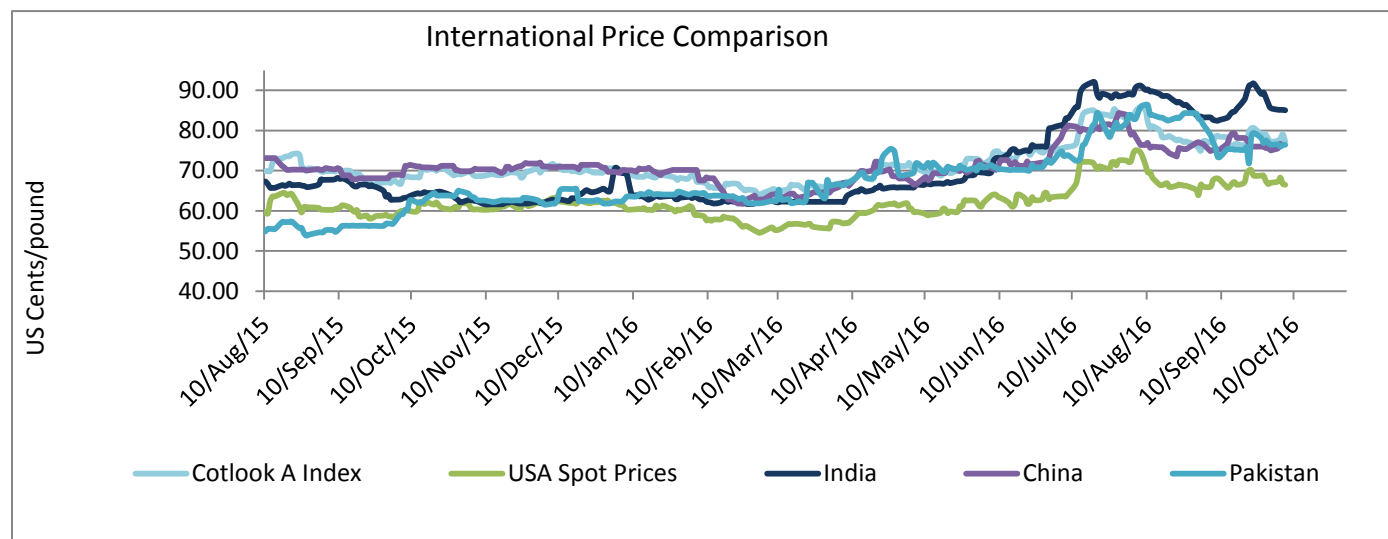
Pakistan is likely to produce 13 million bales of cotton this season. This is slightly higher than previous year's production. Close co-ordination between the Central Government and the government of Punjab by controlling the Pink Bollworm has



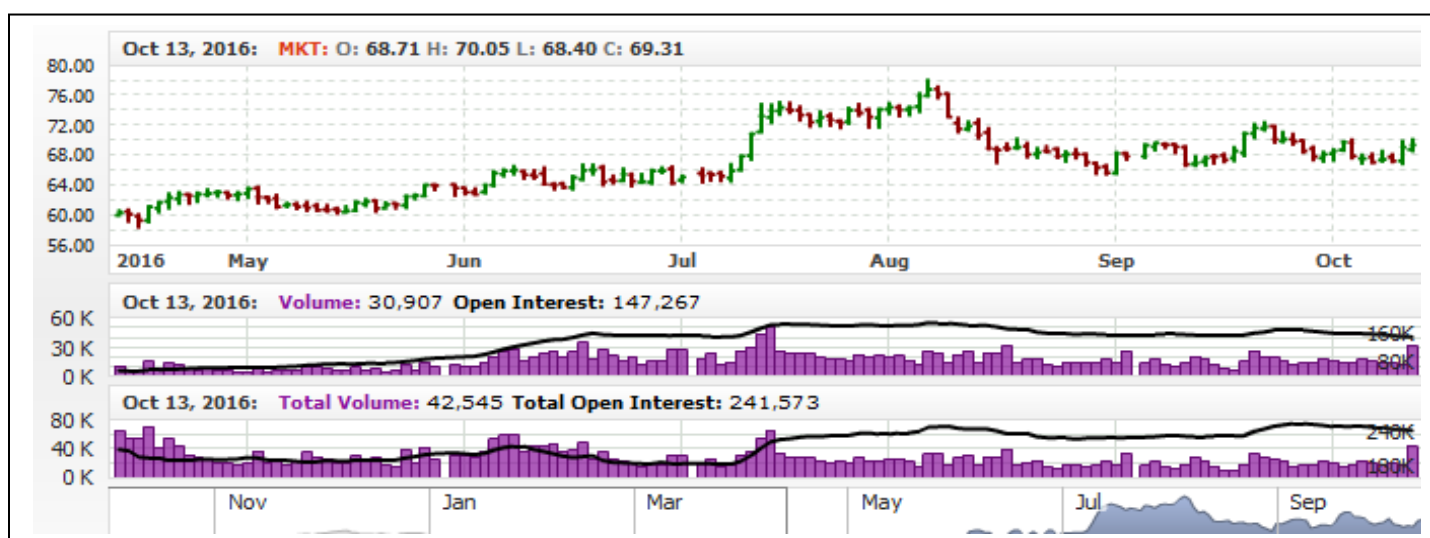
helped the farmers and they had also been trained to drain their fields properly to safeguard their crops. The lower production in the country may open channels for more exports from India, as Pakistan would import to fulfill its domestic demands.

Karachi Spot Prices	Weekly Average Price as on		% Change
	13-Oct-16	06-Oct-16	
Prices	6528	6564	-0.55
Prices in Rs per 37.32 Kg			

International Price Comparison



Technical Analysis of Cotton Future (Dec'16 Contract) at ICE



Weekly Technical Outlook:

- Candlesticks denote firm tone in the prices.
- Volume and Open Interest are declining.
- We expect cotton prices to remain range bound to weak.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range bound to Bearish Momentum	65.00-70.00

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
66.30	64.10	73.50	75.20

Figures in US cents/pound

Cotton Future Prices at ICE

Contracts	13-Oct-2016	Week ago	Month ago	Year ago	%W-o-W change	% M-o-M change	%Y-o-Y change
Oct-16	NA	67.71	67.20	63.78	64.60	-100.00	-100.00
Dec-16	69.31	67.50	66.90	63.86	2.67	3.60	8.53
Mar-17	69.74	68.10	67.11	NA	2.43	3.92	NA
May-17	70.00	68.55	67.42	NA	2.13	3.83	NA
Jul-17	70.14	68.73	67.53	NA	2.06	3.86	NA
Oct-17	69.36	68.17	67.30	NA	1.73	3.06	NA

Domestic Cotton Prices and Arrivals at Key Centers
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Weekly Average Prices (Rs./Quintal)		Change
State	Centre	Variety	08th to 14th Oct.16	01st to 07th Oct.16	
Gujarat	Ahmedabad	Shankar-6	5420	5400	20
	Gondal	Shankar-6	5543	5520	23
	Rajkot	B.T. Cotton	5633	6008	-375
	Patan	B.T. Cotton	5688	NA	-
	Kadi	B.T. Cotton	5320	5529	-209
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5008	5244	-236
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5130	5492	-362
	Bhiwani	Desi	4420	4517	-97
	Adampur	B.T. Cotton	5001	5359	-358
	Fatehabad	B.T. Cotton	4982	5362	-380
	Jind	B.T. Cotton	5231	5593	-362
	Uchana	B.T. Cotton	5140	5443	-303
	Dabwali	B.T. Cotton	5006	5317	-311
Rajasthan	Hanumangarh	B.T. Cotton	5080	5440	-360
	Rawatsar	B.T. Cotton	5031	5362	-331
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5265	5700	-435
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	4170	4208	-38

	Hathras	Desi	4460	4625	-165
Telangana	Adilabad	Un-Ginned	4414	4552	-138
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4150	4140	10
Karnataka	Bijapur	Bunny	5510	6302	-792
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5558	5664	-106
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	08th to 14th Oct.16	01st to 07th Oct.16	
Punjab	Bhatinda	J-34	4077	4368	-291
	Abohar	J-34	4070	4359	-289
	Mansa	J-34	4080	4328	-248
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4032	4333	-301
Rajasthan	Sri-Ganganagar	J-34	3805	4047	-242

Cotton Arrivals in Key Centers:

Commodity	Kapas		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	08th to 14th Oct.16	01st to 07th Oct.16	
Gujarat	Ahmedabad	Shankar-6	64600	15640	48960
	Gondal	Shankar-6	1636	1310	326
	Rajkot	B.T. Cotton	10300	8500	1800
	Patan	B.T. Cotton	24165	NA	-
	Kadi	B.T. Cotton	25000	20300	4700
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	468	229	239
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	80000	88000	-8000
	Bhiwani	Desi	1100	3300	-2200
	Adampur	B.T. Cotton	7395	4675	2720
	Fatehabad	B.T. Cotton	7100	10300	-3200
	Jind	B.T. Cotton	312	234	78

	Uchana	B.T. Cotton	5765	4855	910
	Dabwali	B.T. Cotton	3610	9540	-5930
Rajasthan	Hanumangarh	B.T. Cotton	15000	9800	5200
	Rawatsar	B.T. Cotton	2300	1300	1000
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	6520	16330	-9810
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	4850	4550	300
	Hathras	Desi	2450	1600	850
Telangana	Adilabad	Un-Ginned	NA	NA	-
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	20	260	-240
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	1957	1736	221
Commodity	Lint		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	08th to 14th Oct.16	01st to 07th Oct.16	
Punjab	Bhatinda	J-34	51850	45900	5950
	Abohar	J-34	9860	9520	340
	Mansa	J-34	5185	7225	-2040
Haryana	Sirsa	J-34	11390	12580	-1190
Rajasthan	Sri-Ganganagar	J-34	5700	2000	3700

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				07th to 13th Oct.16	30th to 06th Oct.16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	27420	28850	-1430
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	28220	29350	-1130
J-34(202)	26mm	3.5 - 4.9	23	38100	40850	-2750
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42600	44483	-1883
Shankar-6(105)	29mm	3.5 - 4.9	28	42860	44466	-1606
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44360	46716	-2356
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45000	47800	-2800

DCH-32(107)	34mm	3.0 - 3.8	33	54700	54916	-216
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