

Current Market Outlook

Domestic Weekly Price Scenario: Cotton spot prices noticed range –bound to weak tone during the week.

Average price of Kapas at Rajkot during the week was Rs. 5252 per quintal, which stood at Rs. 5512 previous week. Average price of Lint at Sirsa during the week was Rs. 3988 per maund (of 37.32 Kg each), compared to the previous week price of Rs 4023. Cotton fiber (Shankar-6) prices noticed easy tone this week. Average price was Rs 38400 per candy (of 355.6 kg each) during the week, which was Rs 41200 per candy previous week. Future price of cotton (at NCDEX, April'17 contract) closed lower this week at Rs. 904.00 per maund (of 20 kg each) which was Rs 906.00 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. 4800-5200 per quintal in the bench mark market. Lint price at Sirsa is likely to be in range of Rs 3600-4000 per maund. Kapas prices at NCDEX (April'17 contract), is expected to hover in the range of Rs. 875-925 per maund (of 20 kg each).

Major Market Highlights: News: The textile industry has asked the Central Government to create a buffer stock of cotton of around 70 -80 lakh bales with the Cotton Corporation Of India and sell it to actual users during the May – September lean season. However, the Cotton Association Of India is against such move as creating a buffer stock for a particular sector will affect other sectors of the cotton value chain. According to sources, that the creation of a buffer stock system would require investment of about Rs. 16,000 crore for procuring the desired 80 lakh bales of cotton. The Cotton Association of India will also have to bear the loss arising from price fluctuations.

According to the Cotton Advisory Board (CAB), output of cotton is estimated to increase by 3.8% to 35.10 million bales of 170 kg each for the cotton year 2016 -17 that started on October 1 compared to previous year. Good monsoon has helped germination of cotton pods in almost the entire country. The CAB estimated a 17.47 per cent growth in yield from 483.79 kg per hectare in 2015-16 to 568.29 kg per hectare in 2016-17.

Bt Cotton was introduced in India in 2003 and thereafter acreage under Bt Cotton started increasing and occupied around 90% of the total cotton acreage till previous year. For the first time this season acreage under Bt cotton declined as farmers opted for native varieties. Last year crop had been damaged in many states amid whitefly pest attack. The share of Bt variety in total cotton area sown declined to 83% compared to 91% in the previous season.

India exported 0.152 lakh bales of cotton last week (17 -23 October 2016), which was 0.043 lakh bales previous to last week (09 -16 October 2016), according to the data released by IBIS and compiled by Agriwatch.

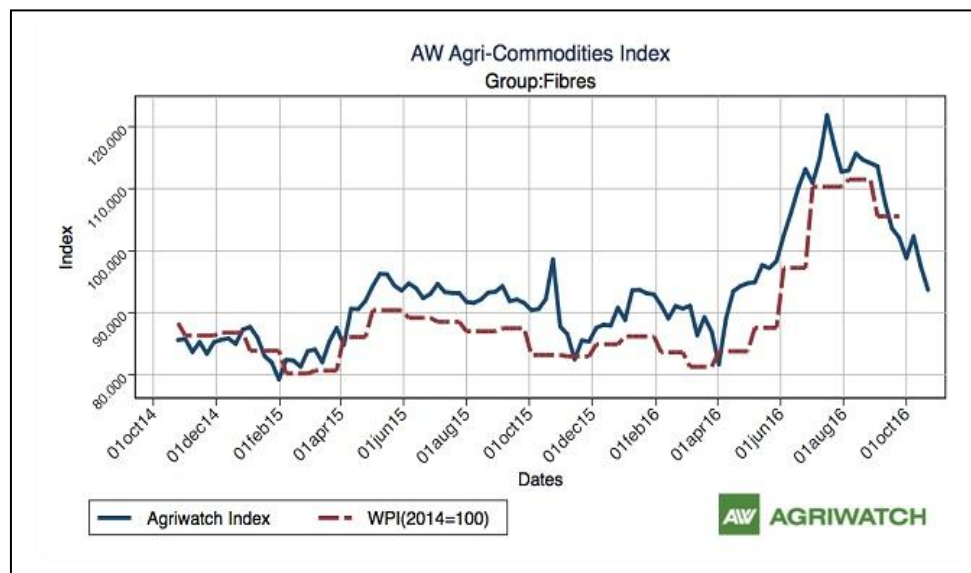
Major importer of Indian cotton during the week (17 -23 October, 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.124 lakh bales of cotton from India in the past week (17 -23 October, 2016). Other major importers were Bahrain and Pakistan and their imported volume was 0.023 lakh bales and 0.004 lakh bales respectively.

AW Cotton Index - 23 OCT. 2016

The Agriwatch Agri Commodities Index eased 0.42% to 115.61 during the week ended Oct 22, 2016 from 116.10 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).



The Fiber Index declined by -3.89% 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

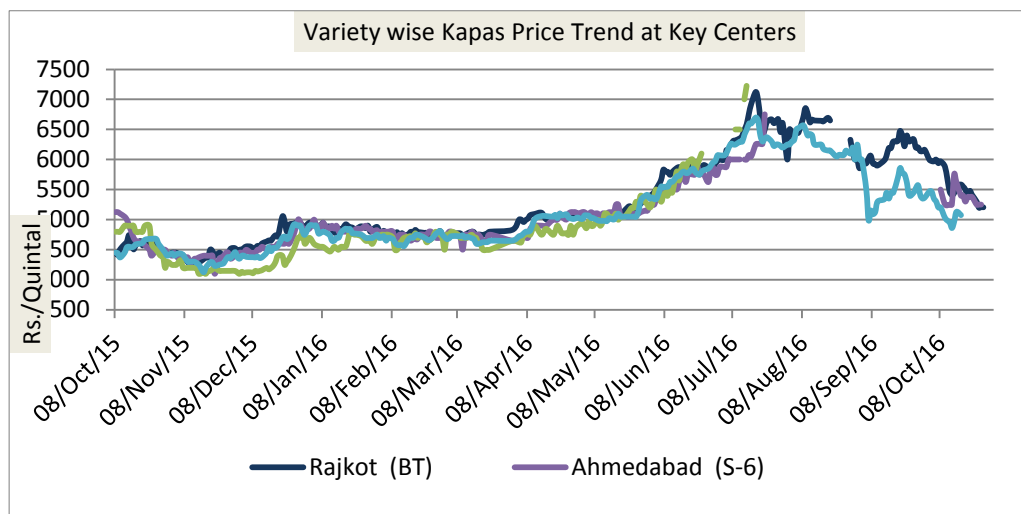
Kapas (Raw Cotton) Weekly Price Scenario

Weekly Price Review: Kapas price remained weak during the week amid new crop arrival in the market. Weekly average price of Kapas at Rajkot remained at Rs. 5252 per quintal, lower compared to previous week price of Rs. 5512 per quintal.

According to latest USDA attaché report, India's 2016/17 cotton production forecast is 26.50

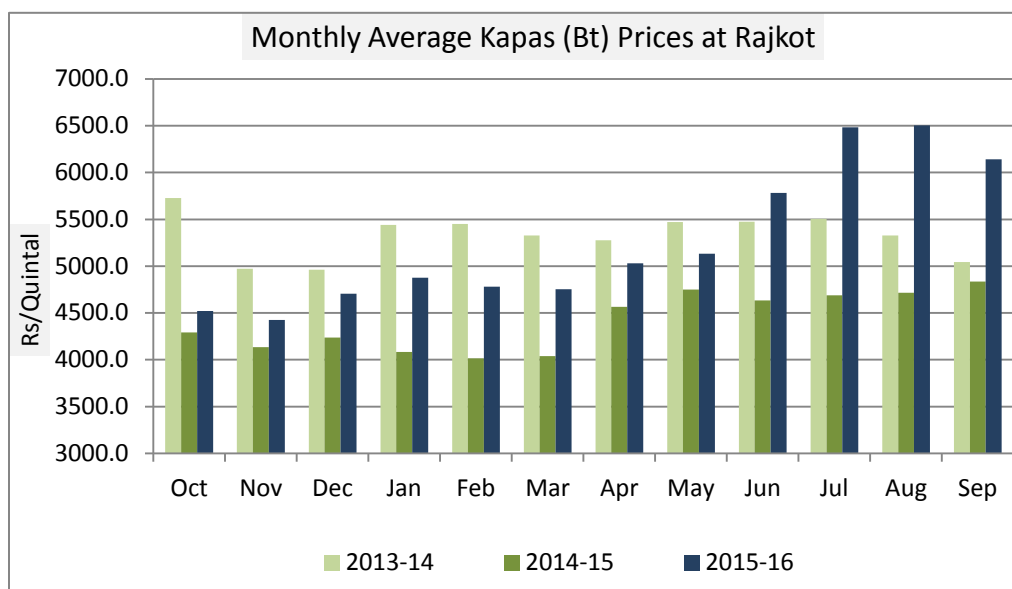
million 480 lb. bales on marginally lower acreage of 11.8 million hectares. Higher yields are expected through a combination of better crop, pest, and weed management practices and assuming a normal monsoon

Weekly Price Outlook: Kapas prices are expected to remain range-bound to weak in coming days. The expected range for Kapas at Rajkot is Rs 4800-5200 per quintal for the coming week.



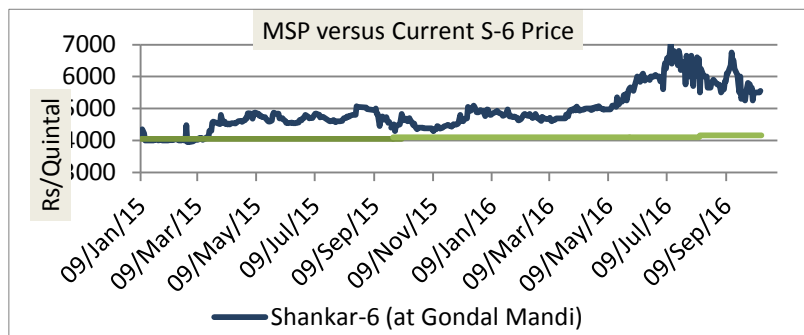
Kapas Monthly Y-o-Y Price Scenario

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 narrowed this week. The average gap between the prices was Rs. 1111.67 this week compared to Rs 1311.67 a week earlier. This indicates prices are declining.

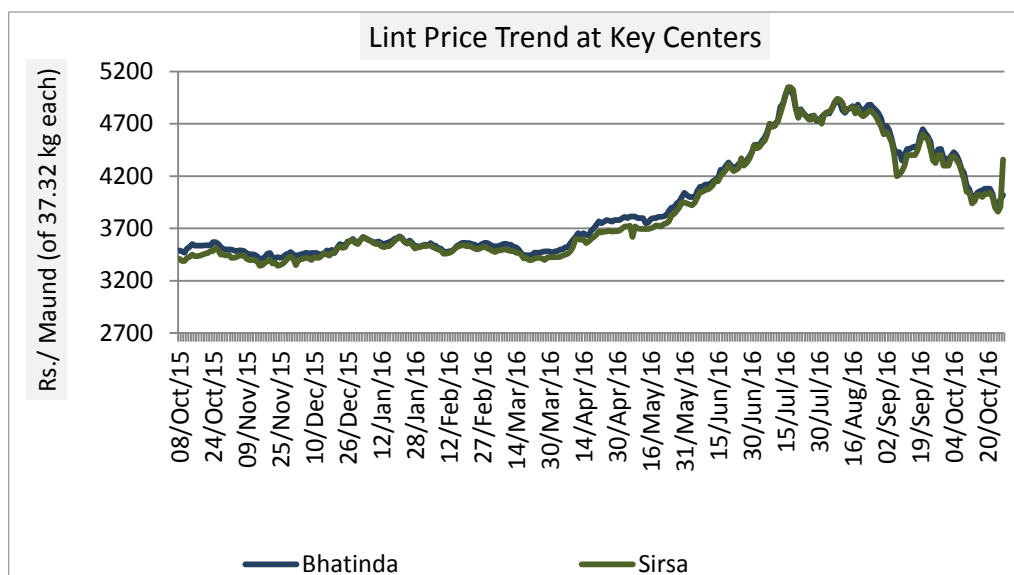


Lint (De-Seeded Cotton) Weekly Price Scenario

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. 3988 per maund of 37.32 kg each, lower compared to the previous week price of Rs. 4023 per maund.

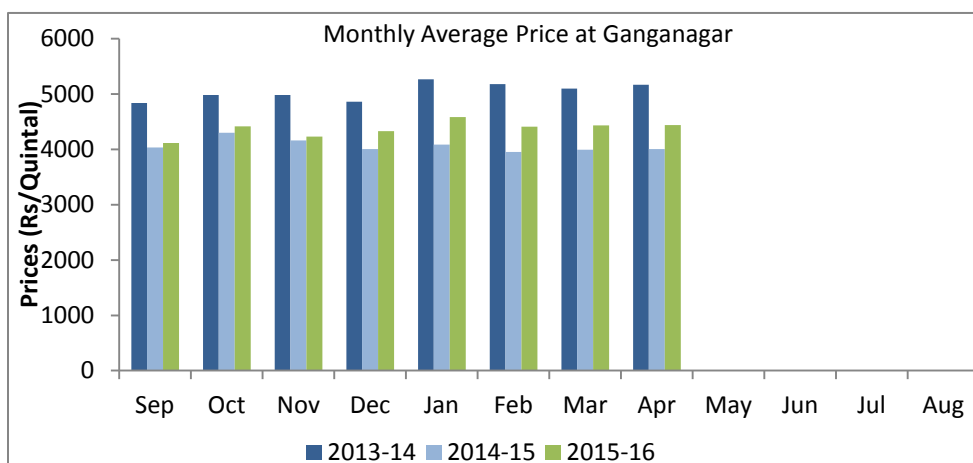
Weekly Price Outlook: Lint prices are expected to remain range bound to weak during the week.

We expect Lint at Sirsa to remain in the range of Rs. 3600-4000 per maund.



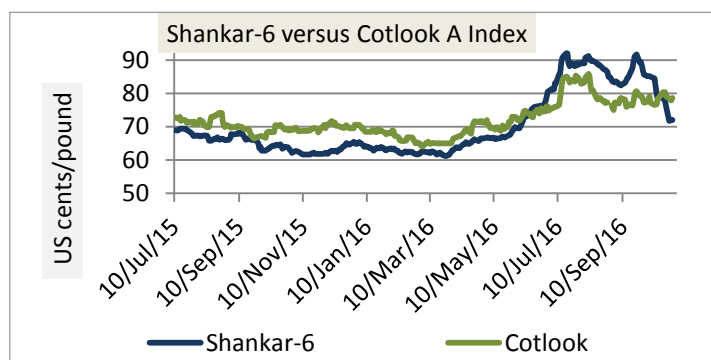
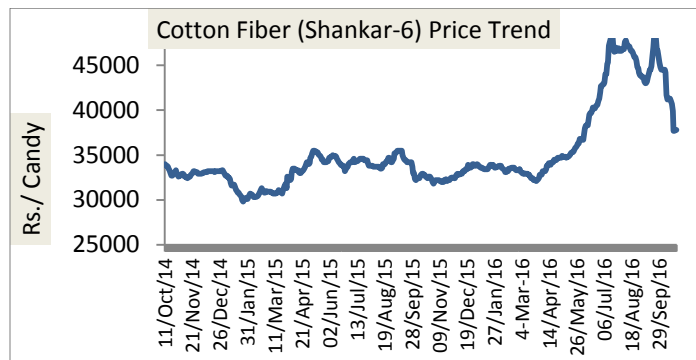
Lint Monthly Y-o-Y Price Scenario

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 38400 per candy (of 355.6 kg each) compared to the prices of previous week which was Rs. 41200 per candy.

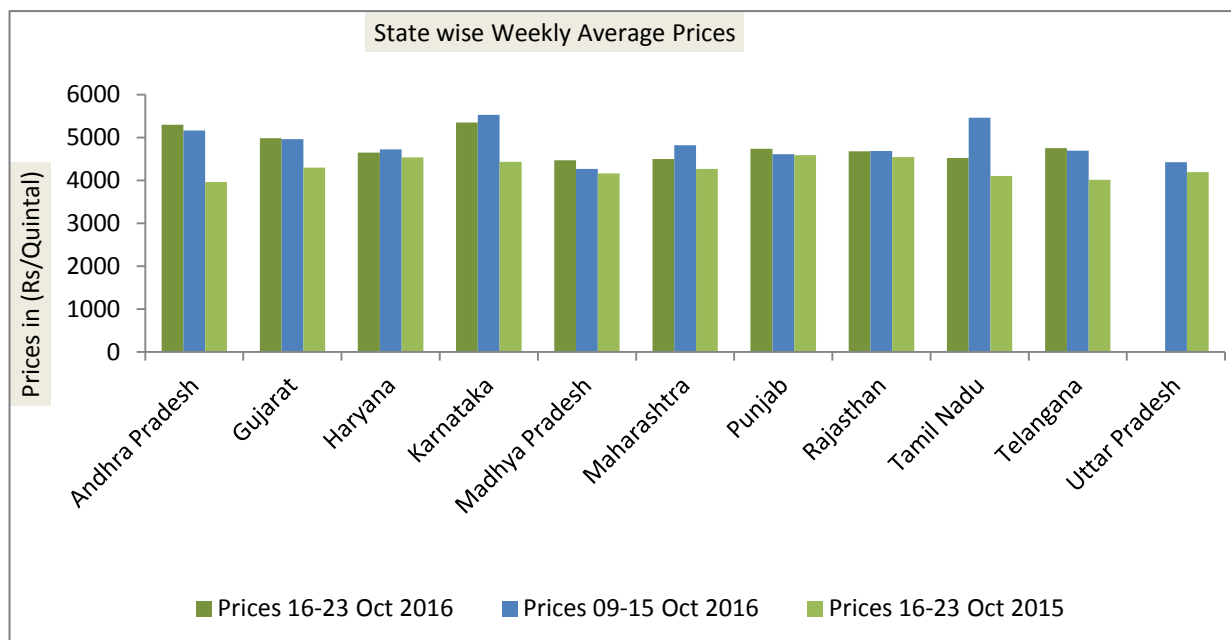


Indian Fiber price versus International Fiber Price: Indian fiber prices are ruling below the international price. Against the weekly average Cotlook A Index of 78.45 cents/pound, Indian weekly average price stood at 72.78 cents/pound, making Indian fiber competitive in international market.

Weekly Price Outlook: Shankar-6 price in the coming week is expected to hover in range of Rs 34000-38000 per candy

State wise Weekly Price Scenario

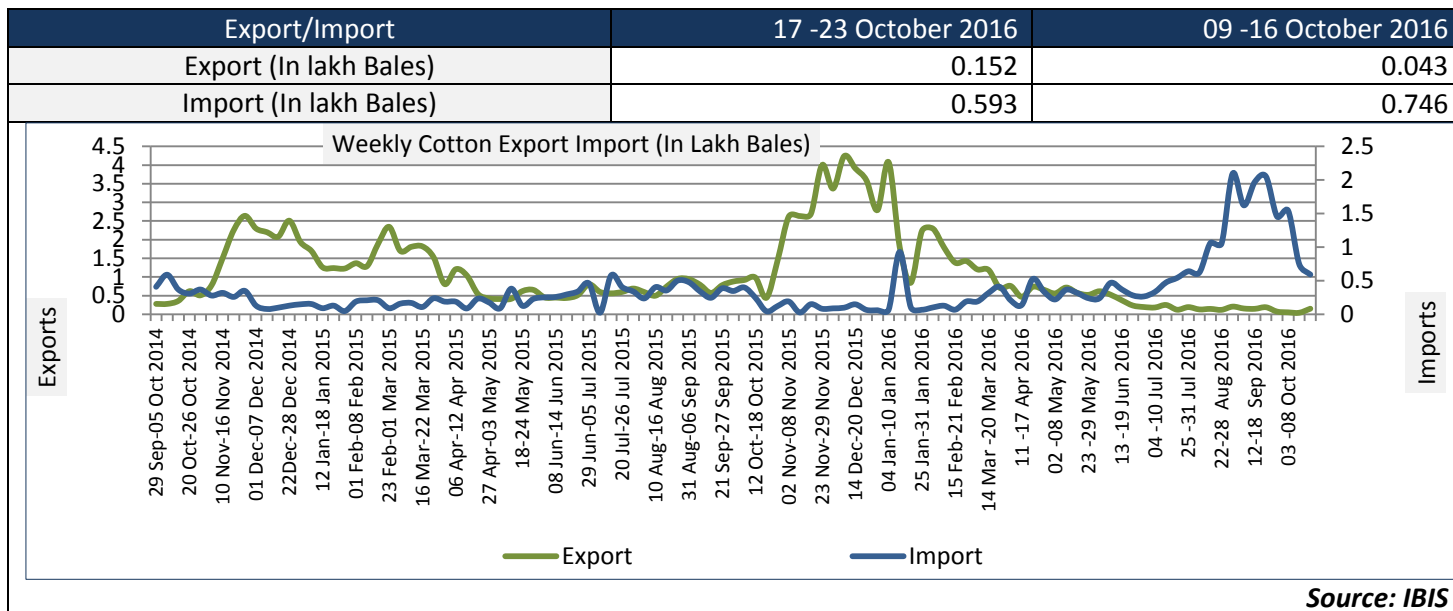
On week on week basis, prices are by and large showing weak trend in most of the States, highest price was recorded in Karnataka followed by Andhra Pradesh this week and lowest was in Maharashtra



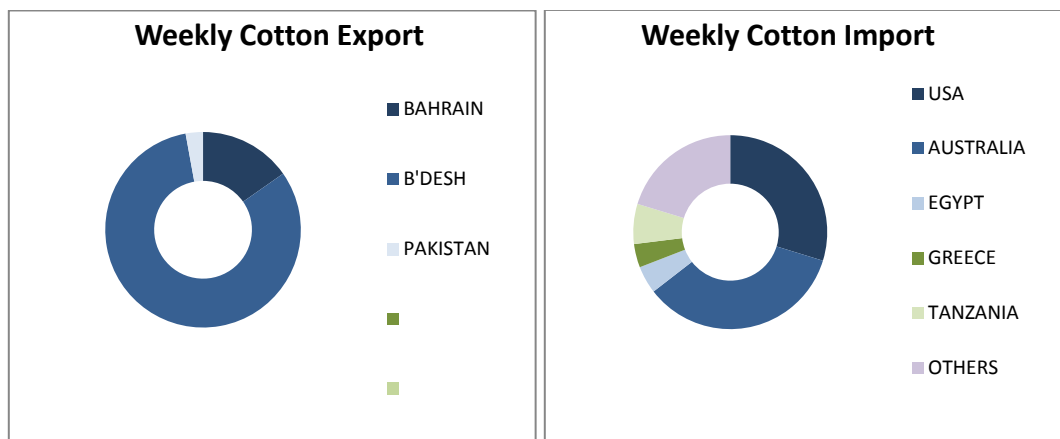
followed by Tamil Nadu. On year on year basis, cotton prices are reflecting uptrend in all of the States. Prices have been summarized in the table given in annexure.

Cotton Weekly Export and Import

India exported 0.152 lakh bales of cotton last week (17 -23 October 2016), which was 0.043 lakh bales during the week before (09 -16 October 2016), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.593 lakh bales last week, which was 0.746 lakh bales the week before .



Major importer of Indian cotton during the week (17 -23 October 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.124 lakh bales of cotton from India in the past week (17 -23 October 2016). Other major importers were Bahrain and Pakistan and their imported volumes were 0.023 and 0.006 lakh bales. India exported 0.152 lakh bales of cotton last week (17 -23 October 2016), which was 0.043 lakh bales previous to last week (09 -16 October 2016), according to the data released by IBIS and compiled by Agriwatch.



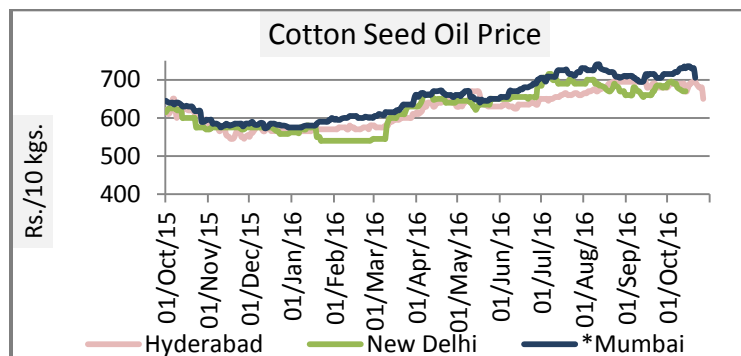
Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil Weekly Price Scenario

Cotton seed oil price noticed weak tone during the week. Weekly average price in New Delhi remained Rs 676 per 10 Kg, lower compared to the weekly average price of Rs 690 per 10 Kg in previous week.

Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	27-Oct-16	20-Oct-16	
New Delhi	676	690	-2.05
Rajkot	674	733	-8.07
Hyderabad	679	685	-0.85
Mumbai*	728	728	0.00

*Vat Included

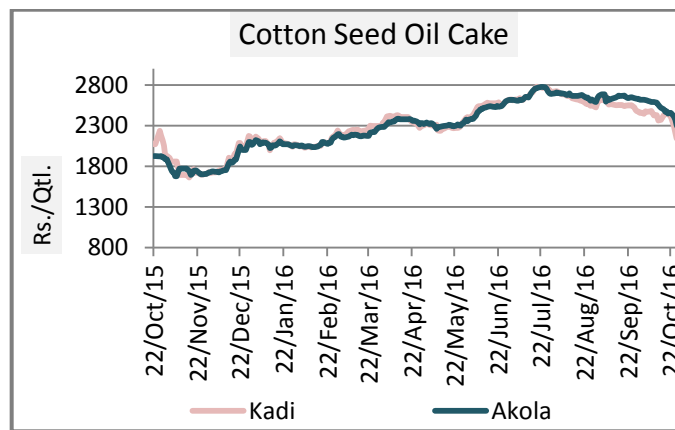


Cotton Seed Oil Cake Weekly Price Scenario

Cotton seed oil cake price noticed weak tone during the week. Weekly average price in Akola remained Rs 2382 per quintal, lower compared to the weekly average price of Rs 2587 per quintal in the previous week. of Rs 2587 per quintal.

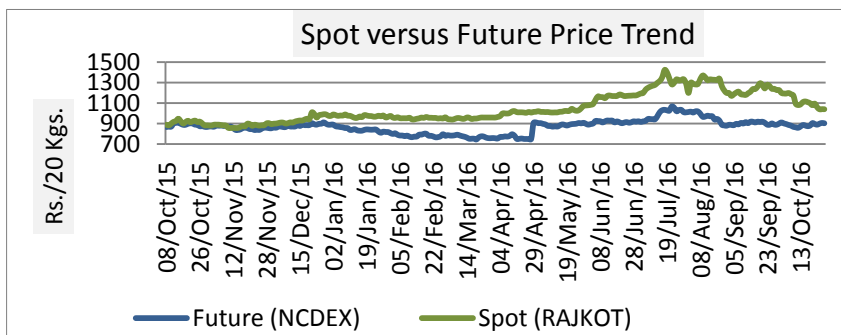
Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	27-Oct-16	20-Oct-16	
Kadi	2278	2441	-6.64
Akola	2382	2587	-7.92

*Source: NCDEX



Cotton Spot and Future Price Trend

Cotton future price closed lower this week. Kapas at NCDEX (April'17) closed at Rs 904.00 as on 27 Oct 2016, compared to 906.50 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.156.10 which was Rs 217.10 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 declining in the neutral zone.
- MACD signal line and center line denotes bullish crossover.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range-bound To Weak Momentum	875-925

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
875	850	930	950

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 78.45 cents/pound this week, which was 79.94 cents/pound during last week.

Major Market Highlights: Bangladesh imported 6.2 million bales of cotton in 2015 -16. According to the USDA, Bangladesh imports are likely to increase to 6.3 million bales in 2016 -17. This will increase Bangladesh's share of global imports to 18 per cent which is more than double its share seen five years ago. Other major importers in 2015-16 were Vietnam, China and Turkey.

According to industry sources, India's cotton exports to Pakistan is 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.

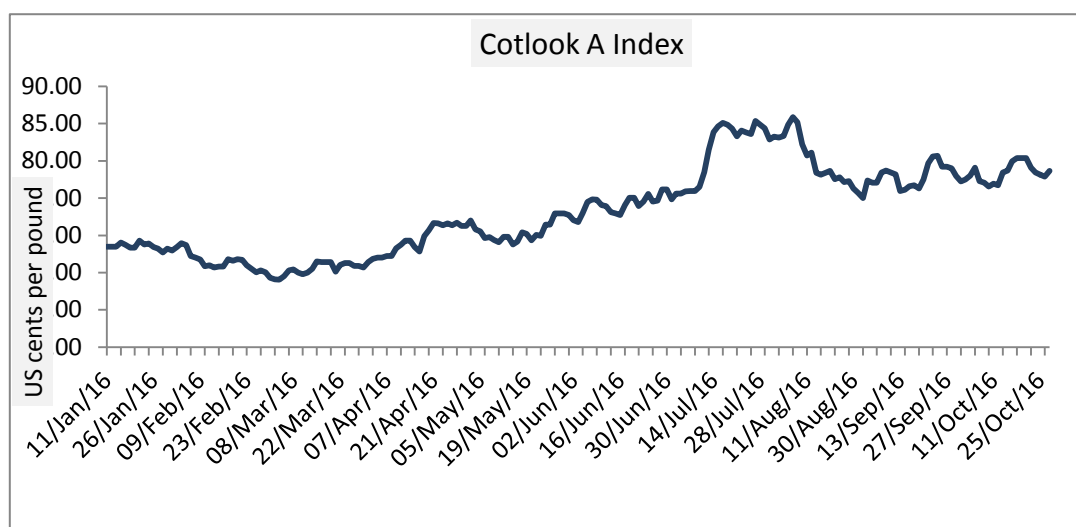
According to USDA latest report, global 2016/17 cotton ending stocks are revised down this month. World 2016-17 cotton production is projected at 102.69 million bales, around 6.6 per cent above last season. World ending stocks are now projected lower at 87.35 million bales. For India, production is forecast 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 during the week.

Global cotton consumption is likely to be around 24.39 million tons in season 2016-17, which was estimated to be around 24.21 million tons a month earlier. In the earlier estimates by USDA, consumption was expected to

rise and cotton consumption would be standing at around 0.6% higher compared to the previous season.



Cotlook A Index	Weekly Average Price as on		% Change
	27-Oct-16	20-Oct-16	
Prices	78.45	79.94	-1.9
Prices in US cents per Pound			

China Cotton Index and Foreign Cotton Index

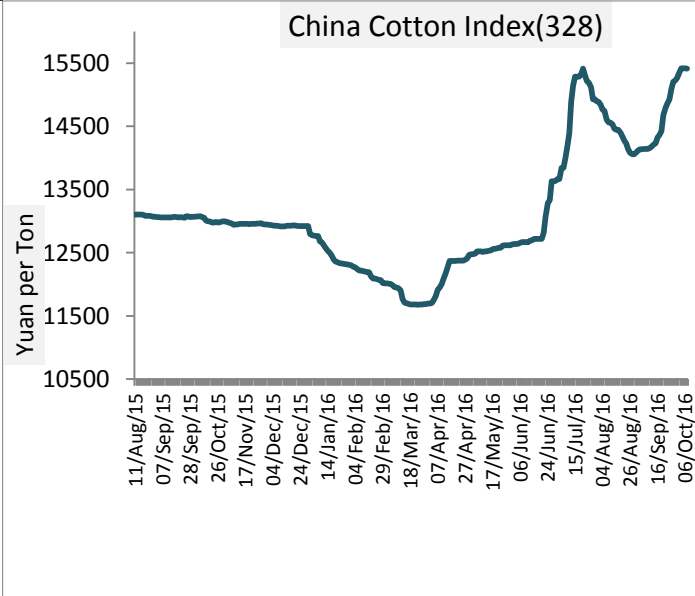
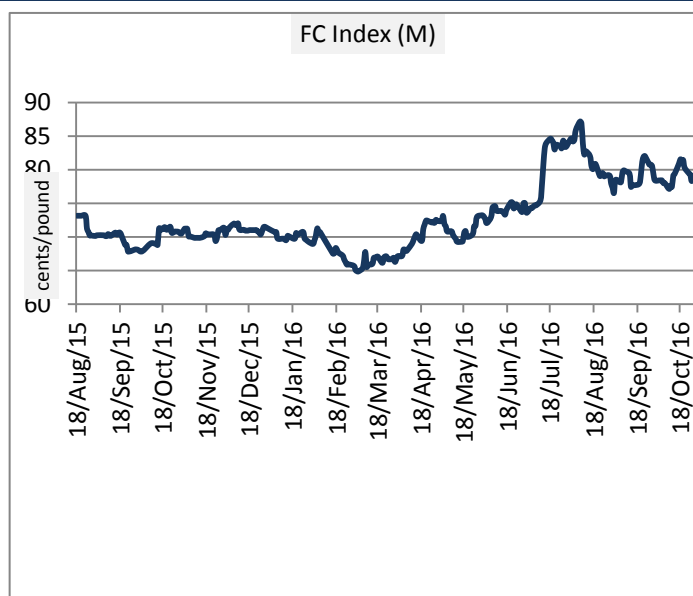
China is likely to import 1.08 million tons of cotton in 2015-16, around 9% lower compared to the estimates of 1.19 million tons previous month and around 39% lower compared to the imports of 1.80 million tons during previous season, according to USDA.

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
	27-Oct-16	20-Oct-16	
FC (S)	82.14	83.62	-1.78
FC (M)	79.26	80.92	-2.06
FC (L)	76.84	78.36	-1.94
Prices in US cents per Pound			

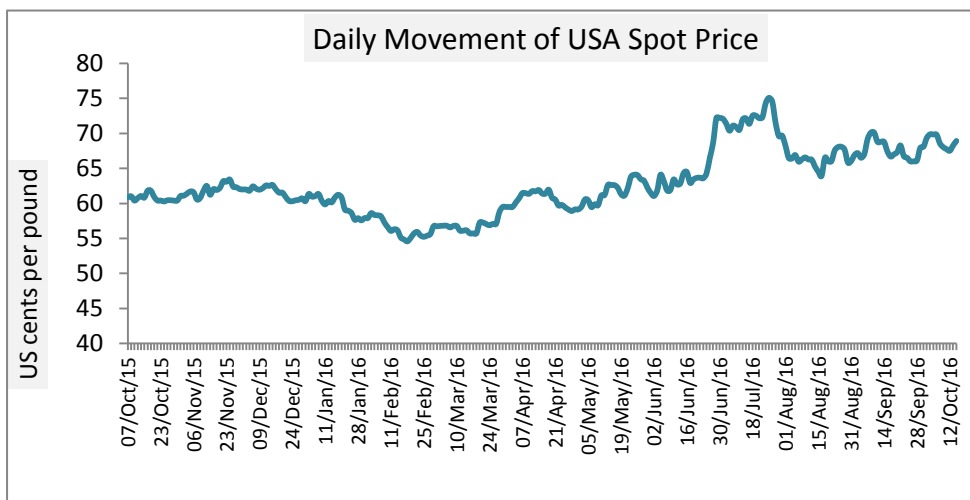
China Index remained firm during the week. CC Index (328) remained 14566 Yuan per ton during the week. Average was 14230 Yuan per ton during previous week.

Cotton Index	Weekly Average Price as on		% Change
	27-Oct-16	20-Oct-16	
CCIndex(229)	15363	15332	0.20
CCIndex(328)	14564	14566	-0.01
CCIndex(527)	15771	15668	0.66
Prices in Yuan per ton			



USA Spot Prices

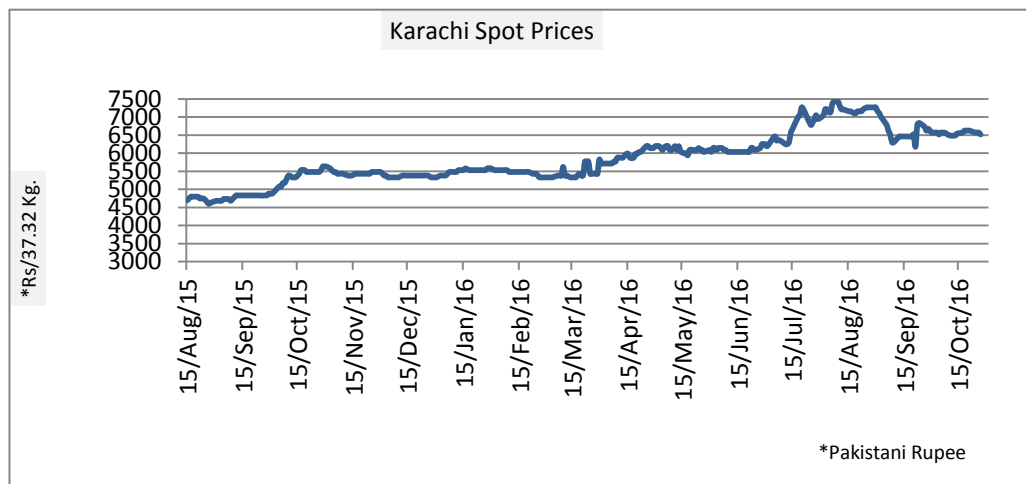
According to USDA latest report, global 2016/17 cotton ending stocks are revised down this month. Production in Brazil is estimated to be lower, based on arrivals at gins, but higher in Australia. World ending stocks are now projected at 87.35 million bales.



USA Spot Prices	Weekly Average Price as on		% Change
	27-Oct-16	20-Oct-16	
Prices	68.08	69.47	-2.00
Prices in US cents per Pound			

Pakistan Spot Prices

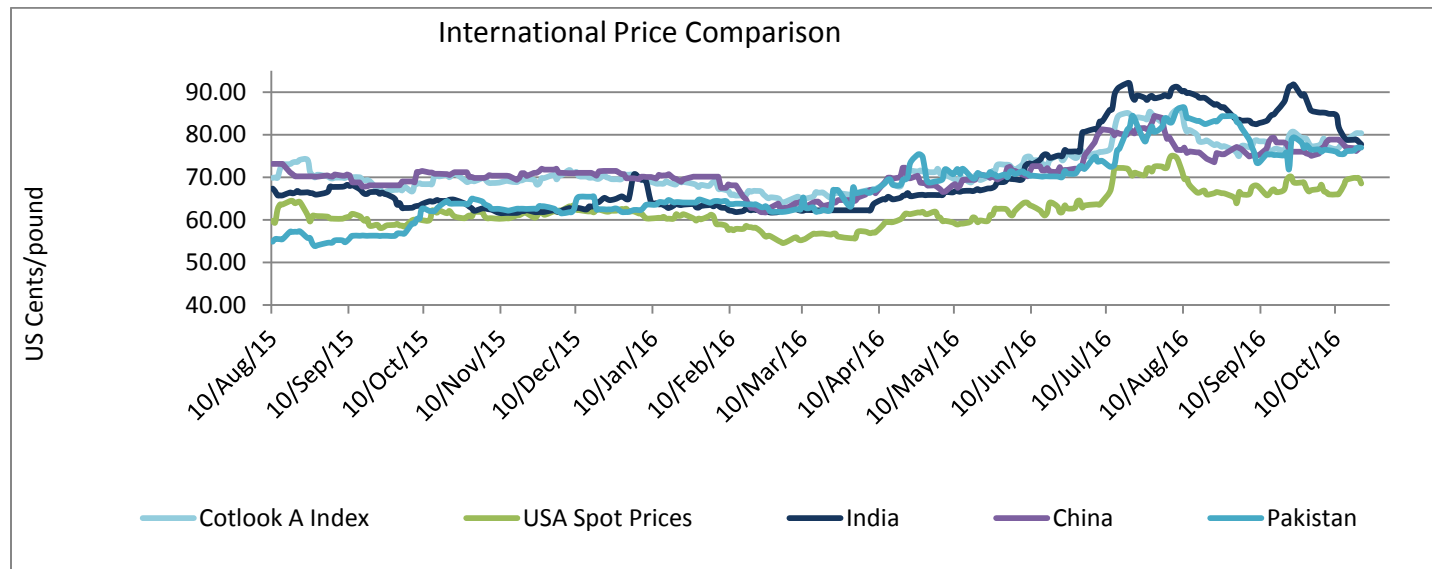
The arrival of cotton at ginneries in Pakistan till October 15, 2016 declined by 6.19 per cent year-on-year to 4.374 million bales according to the fortnightly report on cotton arrivals by the Pakistan Cotton Ginners Association (PCGA) in joint co-operation with All Pakistan Textile Mills Association (APTMA) and the Karachi Cotton Association



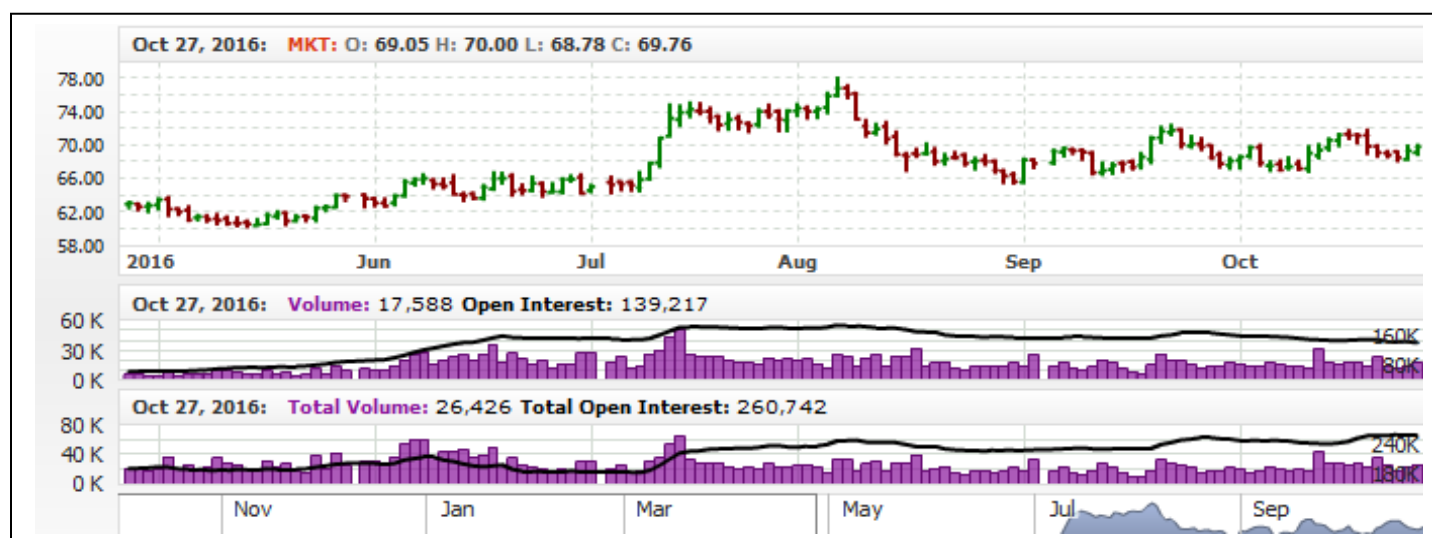
(KCA). According to the data released, the textile mills in Pakistan consumed 3.144 million bales, while another 95,490 bales of cotton were sold to exporters.

Karachi Spot Prices	Weekly Average Price as on		% Change
	27-Oct-16	20-Oct-16	
Prices	6575	6602	-0.41
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 weak tone in the prices.
- Volume and Open Interest are increasing.
- We expect cotton prices to remain range bound to firm.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range bound to Bullish Momentum	68.00-73.00

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
67.50	66.30	71.30	73.50

Figures in US cents/pound

Cotton Future Prices at ICE

Contracts	27-Oct-2016	Week ago	Month ago	Year ago	%W-o-W change	% M-o-M change	%Y-o-Y change
Dec-16	69.76	69.80	69.74	62.34	64.60	0.03	11.90
Mar-17	70.28	70.08	70.24	NA	0.29	0.06	NA
May-17	70.68	70.53	70.67	NA	0.21	0.01	NA
Jul-17	70.75	70.63	70.72	NA	0.17	0.04	NA
Oct-17	69.99	70.1	70.11	NA	-0.16	-0.17	NA
Dec-17	69.49	69.77	NA	NA	-0.40	NA	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	22th to 28th Oct.16	15th to 21th Oct.16	
Gujarat	Ahmedabad	Shankar-6	5104	5283	-179
	Gondal	Shankar-6	5247	5488	-242
	Rajkot	B.T. Cotton	5252	5512	-260
	Patan	B.T. Cotton	5375	5528	-153
	Kadi	B.T. Cotton	5225	5333	-108
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5098	5120	-23
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5183	5233	-50
	Bhiwani	Desi	4383	4433	-50
	Adampur	B.T. Cotton	5000	5103	-103
	Fatehabad	B.T. Cotton	5125	5118	8
	Jind	B.T. Cotton	5115	5350	-235
	Uchana	B.T. Cotton	5200	5198	2
	Dabwali	B.T. Cotton	5015	5035	-20
Rajasthan	Hanumangarh	B.T. Cotton	5083	5142	-58
	Rawatsar	B.T. Cotton	4963	5028	-65
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5218	5557	-339
Maharashtra	Amravati	Mech-1	5000	NA	-
	Jamner	Medium Staple	4325	4113	213
Uttar Pradesh	Hathras	B.T. Cotton	4233	4125	108

	Hathras	Desi	4467	4367	100
Telangana	Adilabad	Un-Ginned	4450	4433	17
Andhra Pradesh	Guntur	Un-Ginned	4100	4130	-30
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4150	4152	-2
Karnataka	Bijapur	Bunny	5299	5555	-256
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5015	5345	-330
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	22th to 28th Oct.16	15th to 21th Oct.16	
Punjab	Bhatinda	J-34	3972	4067	-95
	Abohar	J-34	3973	4068	-96
	Mansa	J-34	3967	4063	-97
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	3988	4023	-35
Rajasthan	Sri-Ganganagar	J-34	3672	3760	-88

Cotton Arrivals in Key Centers:

Commodity	Kapas		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	22th to 28th Oct.16	15th to 21th Oct.16	
Gujarat	Ahmedabad	Shankar-6	261800	224400	37400
	Gondal	Shankar-6	11639	4583	7056
	Rajkot	B.T. Cotton	28300	18300	10000
	Patan	B.T. Cotton	56938	93018	-36080
	Kadi	B.T. Cotton	145000	115000	30000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	2724	893	1831
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	21000	50000	-29000
	Bhiwani	Desi	800	400	400
	Adampur	B.T. Cotton	850	2720	-1870
	Fatehabad	B.T. Cotton	900	2800	-1900
	Jind	B.T. Cotton	80	145	-65

	Uchana	B.T. Cotton	850	2845	-1995
	Dabwali	B.T. Cotton	700	1525	-825
Rajasthan	Hanumangarh	B.T. Cotton	14400	15500	-1100
	Rawatsar	B.T. Cotton	7000	6800	200
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	43940	41265	2675
Maharashtra	Amravati	Mech-1	1500	NA	-
	Jamner	Medium Staple	1019	505	514
Uttar Pradesh	Hathras	B.T. Cotton	32000	6500	25500
	Hathras	Desi	1350	1600	-250
Telangana	Adilabad	Un-Ginned	NA	NA	-
Andhra Pradesh	Guntur	Un-Ginned	285	925	-640
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	2750	670	2080
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	8518	7776	742
Commodity	Lint		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	22th to 28th Oct.16	15th to 21th Oct.16	
Punjab	Bhatinda	J-34	64600	64600	Unch
	Abohar	J-34	10880	11390	-510
	Mansa	J-34	4505	5440	-935
Haryana	Sirsa	J-34	1700	4590	-2890
Rajasthan	Sri-Ganganagar	J-34	12000	11500	500

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				21th to 27th Oct.16	14th to 20th Oct.16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	27800	28000	-200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	28500	29000	-500
J-34(202)	26mm	3.5 - 4.9	23	36567	37533	-967
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	37767	40167	-2400
Shankar-6(105)	29mm	3.5 - 4.9	28	38400	41200	-2800
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39467	41950	-2483
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40333	42950	-2617

DCH-32(107)	34mm	3.0 - 3.8	33	53100	54133	-1033
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