

Domestic Fundamentals:

Market Outlook: Cotton spot markets noticed mixed tone on Monday.

In The News: Rains affected BT cotton crop grown in about 32,000 hectares in Tiruchi and Perambalur districts. It is only the north-east monsoon which brings an assured irrigation facility in the rain-fed regions like M.R. Palayam and surrounding areas in Tiruchi district and Veppanthattai and nearby villages in Perambalur district. Tiruchi district accounts for 8,000 hectares under cotton cultivation.

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.

India exported 1.842 lakh bales of cotton last week (21 -26 November 2016), which was 1.812 lakh bales previous to last week (14 -20 November 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (21 -26 November, 2016) was China. According to the data released by IBIS and compiled by Agriwatch, China imported 1.201 lakh bales of cotton from India in the past week (21 -26 November, 2016). Other major importers were Bangladesh, Vietnam, Indonesia and Pakistan and their imported volumes were 0.416, 0.098, 0.091 and 0.015 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:

According to International Cotton Advisory Committee, December 2016 estimates, world cotton production is projected to rise by 7% to 22.5 million tons. Although India's cotton area contracted by 8% to just under 11 million hectares, production is unchanged from 2015/16 at 5.8 million tons. The average yield increased by 9% to 526 kg/ha. Output in China shrank by 4% to 4.6 million tons while production in the United States rose by 24% to 3.5 million tons. Pakistan's cotton production increased by 24% to 1.9 million tons in 2016/17. Brazil's cotton production is forecast to increase by 8% to 1.4 million tons.

According to the Pakistan Cotton Ginner's Association, ginneries in Pakistan have received 9.778 million bales of cotton by December 01, 2016 compared to the total arrival of 9.768 million during the previous season.

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	-11.00	926	926	916	916.50	1594	604	11058	75
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	150.50	-	-
May-17	-	-	-

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

*Updated at 5:01 pm as on 08-Dec 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-16	-110	18900	18900	18770	18820	987	-253	4067	-113
Jan-17	-110	19040	19040	18900	18950	670	-200	5251	-10

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Dec-16		-130		-	-	-
Jan-17			-	-	-	-
	—			-	-	-

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

* Updated at 5:01 pm as on 08-Dec 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	12-Dec-16	10-Dec-16	
Gujarat	Ahmedabad	Shankar-6	5050	5150	-100
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	5255	5245	10
	Patan	B.T. Cotton	5170	NA	-
	Kadi	B.T. Cotton	5250	5475	-225
	Deesa	B.T. Cotton	NR	Closed	-
	Dhrol	B.T. Cotton	5185	5165	20
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5250	5200	50
	Bhiwani	Desi	4150	4200	-50
	Adampur	B.T. Cotton	5110	5115	-5
	Fatehabad	B.T. Cotton	5100	5125	-25
	Jind	B.T. Cotton	5300	5325	-25
	Uchana	B.T. Cotton	5135	5150	-15
	Dabwali	B.T. Cotton	5050	5115	-65
Rajasthan	Hanumangarh	B.T. Cotton	5200	5200	Unch
	Rawatsar	B.T. Cotton	5100	5100	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	Closed	Closed	-
Maharashtra	Amravati	Mech-1	5050	5050	Unch
	Jamner	Medium Staple	NR	NR	-
Uttar Pradesh	Hathras	B.T. Cotton	3900	NR	-
	Hathras	Desi	4800	NR	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4160	NA	-
Karnataka	Bijapur	Bunny	NR	5259	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5200	NR	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	12-Dec-16	10-Dec-16	
Punjab	Bhatinda	J-34	4085	4095	-10

	Abohar	J-34	4080	4100	-20
	Mansa	J-34	4085	4090	-5
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4010	4015	-5
Rajasthan	Sri-Ganganagar	J-34	NR	NR	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	12-Dec-16	10-Dec-16	
Gujarat	Ahmedabad	Shankar-6	68000	59500	8500
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	4200	4000	200
	Patan	B.T. Cotton	34684	NA	-
	Kadi	B.T. Cotton	65000	55000	10000
	Deesa	B.T. Cotton	NR	Closed	-
	Dhrol	B.T. Cotton	386	755	-369
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1500	2000	-500
	Bhiwani	Desi	50	50	Unch
	Adampur	B.T. Cotton	1700	1530	170
	Fatehabad	B.T. Cotton	1500	2000	-500
	Jind	B.T. Cotton	425	255	170
	Uchana	B.T. Cotton	2520	2200	320
	Dabwali	B.T. Cotton	2500	1500	1000
Rajasthan	Hanumangarh	B.T. Cotton	3000	2500	500
	Rawatsar	B.T. Cotton	1200	1500	-300
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	Closed	Closed	-
Maharashtra	Amravati	Mech-1	1940	2030	-90
	Jamner	Medium Staple	NR	NR	-
Uttar Pradesh	Hathras	B.T. Cotton	50	NR	-
	Hathras	Desi	NA	NR	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
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	NR	1770	-
	Hubli	D.C.H.	NR	NR	-

	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	1732	NR	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	12-Dec-16	10-Dec-16	
Punjab	Bhatinda	J-34	7650	7650	Unch
	Abohar	J-34	1360	1020	340
	Mansa	J-34	850	1020	-170
Haryana	Sirsa	J-34	2550	2720	-170
Rajasthan	Sri-Ganganagar	J-34	NR	NR	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				10-Dec-16	9-Dec-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	25700	26200	-500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	26700	27100	-400
J-34(202)	26mm	3.5 - 4.9	23	37900	38000	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38000	38000	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	38700	38700	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39300	39300	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40300	40300	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	54500	54500	Unch

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

Centre	Unit	Price		Change
		12-Dec-16	10-Dec-16	
Rajkot	Rs. /10 Kg.	695	695	Unch
New Delhi	Rs. /10 Kg.	690	690	Unch
Hyderabad	Rs. /10 Kg.	690	690	Unch
Mumbai	Rs. /10 Kg.	705	705	Unch

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

Centre	Unit	Price		Change
		12-Dec-16	10-Dec-16	
Mahesana (Kadi)	Rs./Qtl	Closed	1953	-
Akola	Rs./Qtl	Closed	1944	-

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 12-December-2016		
Index	RMB/Ton	Change
CCIndex(328)	15905	Unch
CCIndex(527)	14893	Unch
CCIndex(229)	16256	Unch
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 12-December-2016		
Index	Cents/lb	Change
FC Index (S)	83.38	-0.50
FC Index (M)	80.06	-0.48
FC Index (L)	78.60	-0.42

Cotlook Index: As on 09-December-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	80.05	0.50

USDA Cotton Spot Rates: As on 09-December-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	71.80	74.05	1252
North Delta	71.30	73.55	NIL
South Delta	71.30	73.55	NIL
East TX-OK	68.75	70.25	5439
West Texas	68.75	70.25	6858
Desert SW	67.55	73.55	NIL
SJ Valley	68.80	78.70	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 09-December-2016

Contract	Open	High	Low	Close	Change
Dec-16	71.25	71.81	70.30	70.80	-0.62
Mar-17	71.42	72.09	70.75	71.11	-0.58
May-17	71.32	71.96	70.75	70.99	-0.55
Jul-17	70.49	70.49	70.49	70.49	-0.48
Oct-17	69.65	70.08	68.91	69.35	-0.53
Dec-17	69.00	69.41	69.00	69.41	-0.49

Pakistan Cotton Spot rates: As on 10-December-2016
(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6250	135	6385
Equivalent	40 Kgs	6698	145	6843

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