

## Domestic Fundamentals:

**Market Outlook:** Cotton spot markets noticed range –bound to firm tone on Tuesday.

**In The News:** 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.

Farmers in Karnataka are diversifying from cereals towards cash crops like cotton, sugarcane, maize etc. A recent analysis of the changes in cropping patterns from 2005-06 to 2014-15 by the Karnataka Agriculture Price Commission (KAPC) shows that farmers in the State were showing their preference for cash crops such as cotton and maize and shifting from oilseeds, cereals and millets towards these cash crops. During this period, cotton acreage in Karnataka has increased by 112% from 4.13 lakh hectares in 2005 -06 to 8.76 lakh hectares in 2014 -15.

India exported 0.254 lakh bales of cotton last week (31 October -06 November 2016), which was 0.234 lakh bales previous to last week (24 -30 October 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (31 October -06 November, 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.110 lakh bales of cotton from India in the past week (31 October -06 November, 2016). Other major importers were China, Vietnam, Indonesia and Pakistan and their imported volumes were 0.082, 0.035, 0.023 and 0.003 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:

Agricultural Development and Marketing Corporation of Malawi (Admarc) has asked the farmers in the country to grow more cotton this season as the crop is gaining importance in the international markets. Tobacco is being discouraged amid anti –smoking campaign by the World Health Organization. Cotton production in Malawi was reported at 45,000 MT and 49,000 MT respectively in 2014 and 2015. In 2016, production declined to 13,000 MT.

According to industry sources, India's cotton exports to Pakistan are 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 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	-2.00	932	938	923.5	928	1957	-4815	11373	-608
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	100	-	-
May-17	-	-	-

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

\*Updated at 6:33 pm as on 15 –Nov 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-16	+30	19100	19180	18900	19030	594	1349	1746	-438
Dec-16	+60	18830	18890	18750	18850	810	1133	5046	2862

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Nov-16		180		-	-	-
Dec-16			-	-	-	-
	—			-	-	-

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

\* Updated at 6:33 pm as on 15 –Nov 2016

**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	15-Nov-16	14-Nov-16	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	Closed	Closed	-
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	5200	5300	-100
	Deesa	B.T. Cotton	Closed	Closed	-
	Dhrol	B.T. Cotton	Closed	Closed	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5325	5300	25
	Bhiwani	Desi	4600	4700	-100
	Adampur	B.T. Cotton	5100	5050	50
	Fatehabad	B.T. Cotton	5185	5100	85
	Jind	B.T. Cotton	5300	5225	75
	Uchana	B.T. Cotton	5270	5275	-5
	Dabwali	B.T. Cotton	5155	5095	60
Rajasthan	Hanumangarh	B.T. Cotton	5250	5200	50
	Rawatsar	B.T. Cotton	5100	5100	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	Closed	5225	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	4855	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	3900	3900	Unch
	Hathras	Desi	4700	4100	600
Telangana	Adilabad	Un-Ginned	4900	4800	100
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	4160	-
Karnataka	Bijapur	Bunny	5875	NA	-
	Hubli	D.C.H.	NA	5539	-
	Hubli	B.T. Cotton	NA	6500	-
	Raichur	H-44 Cotton	NA	5200	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	15-Nov-16	14-Nov-16	
Punjab	Bhatinda	J-34	4065	4030	35

	Abohar	J-34	4080	4050	30
	Mansa	J-34	4050	4030	20
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4000	3960	40
Rajasthan	Sri-Ganganagar	J-34	3704	3704	Unch

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	15-Nov-16	14-Nov-16	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	Closed	Closed	-
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	10000	5000	5000
	Deesa	B.T. Cotton	Closed	Closed	-
	Dhrol	B.T. Cotton	Closed	Closed	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	6000	3000	3000
	Bhiwani	Desi	150	100	50
	Adampur	B.T. Cotton	340	340	Unch
	Fatehabad	B.T. Cotton	1200	750	450
	Jind	B.T. Cotton	170	150	20
	Uchana	B.T. Cotton	1655	2030	-375
	Dabwali	B.T. Cotton	1100	400	700
Rajasthan	Hanumangarh	B.T. Cotton	2000	1200	800
	Rawatsar	B.T. Cotton	1000	100	900
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	Closed	3170	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	380	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	200	200	Unch
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	13844	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	1010	NA	-
	Hubli	D.C.H.	NA	68	-

	Hubli	B.T. Cotton	NA	22	-
	Raichur	H-44 Cotton	NA	810	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	15-Nov-16	14-Nov-16	
Punjab	Bhatinda	J-34	4250	3400	850
	Abohar	J-34	850	850	Unch
	Mansa	J-34	510	510	Unch
Haryana	Sirsa	J-34	850	850	Unch
Rajasthan	Sri-Ganganagar	J-34	200	200	Unch

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				14-Nov-16	12-Nov-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	27900	27900	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	28900	28900	Unch
J-34(202)	26mm	3.5 - 4.9	23	37200	37200	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38100	38100	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	38600	38600	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39500	39500	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40200	40200	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	52500	52500	Unch

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

Centre	Unit	Price		Change
		15-Nov-16	14-Nov-16	
Rajkot	Rs. /10 Kg.	Closed	Closed	-
New Delhi	Rs. /10 Kg.	655	Closed	-
Hyderabad	Rs. /10 Kg.	645	650	-5
Mumbai	Rs. /10 Kg.	665	665	Unch

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

Centre	Unit	Price		Change
		15-Nov-16	14-Nov-16	
Mahesana (Kadi)	Rs./Qtl	Closed	Closed	-
Akola	Rs./Qtl	2112	2100	12

### INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 15-November-2016</u>		
Index	RMB/Ton	Change
CCIndex(328)	15626	8
CCIndex(527)	14709	Unch
CCIndex(229)	16031	2
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 14-November-2016</u>		
Index	Cents/lb	Change
FC Index (S)	81.74	-0.52
FC Index (M)	78.47	-0.36
FC Index (L)	76.11	-0.63

<u>Cotlook Index: As on 14-November-2016</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	77.50	-0.75

<u>USDA Cotton Spot Rates: As on 14-November-2016</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	70.40	73.15	NIL
North Delta	68.90	71.65	NIL
South Delta	68.90	71.65	NIL
East TX-OK	67.75	69.75	3845
West Texas	67.25	69.00	1657
Desert SW	66.15	72.15	NIL
SJ Valley	67.40	77.30	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 14-November-2016**

Contract	Open	High	Low	Close	Change
<b>Dec-16</b>	68.50	69.01	67.97	68.90	<b>0.46</b>
<b>Mar-17</b>	69.37	69.60	68.55	69.31	<b>0.28</b>
<b>May-17</b>	70.03	70.27	69.22	69.96	<b>0.26</b>
<b>Jul-17</b>	70.61	70.71	69.66	70.39	<b>0.25</b>
<b>Oct-17</b>	69.93	69.93	69.93	69.93	<b>0.29</b>
<b>Dec-17</b>	69.25	69.25	68.41	69.08	<b>0.21</b>

**Pakistan Cotton Spot rates: As on 14-November-2016**
**(in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
<b>Cotton</b>	37.32 Kgs	5950	135	6085
<b>Equivalent</b>	40 Kgs	6377	145	6522

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