

Domestic Fundamentals:

Market Outlook: Cotton spot markets noticed mostly steady to firm tone on Thursday.

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 1.333 lakh bales of cotton last week (07 -13 November 2016), which was 0.254 lakh bales previous to last week (31 October -06 November 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (07 -13 November, 2016) was Bangladesh. According to the data released by IBIS and compiled by Agriwatch, Bangladesh imported 0.389 lakh bales of cotton from India in the past week (07 -13 November, 2016). Other major importers were China, Vietnam, Indonesia and Pakistan and their imported volumes were 0.512, 0.273, 0.123 and 0.026 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:

The International Cotton Advisory Committee nudged higher forecast for cotton prices amid ideas that world stock will decrease further than had been thought, fuelled by China's stocks selldown. The committee raised by 1 cent to 74 cents a pound its estimate of average world cotton prices in 2-16-17, as measured by the Cotlook A index of physical values. Last year's price of cotton was 70 cents a pound, while it was 71 cents a pound in 2014-15. The revision came as the ICAC cut its estimate for world stocks at the close of 2016-17 below 18m tonnes, to the lowest in five years.

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	+2.50	938	946	935.5	937.50	2103	146	11525	152
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	158.50	-	-
May-17	-	-	-

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

*Updated at 6:15 pm as on 17 –Nov 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-16	+40	19100	19180	18900	19030	860	-177	1315	-199
Dec-16	+100	19240	19400	19180	19240	981	361	5034	10

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Nov-16		-210		-	-	-
Dec-16			-	-	-	-
	—			-	-	-

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

* Updated at 6:15 pm as on 17 –Nov 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	17-Nov-16	16-Nov-16	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	5415	5380	35
	Rajkot	B.T. Cotton	5480	Closed	-
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	5250	5200	50
	Deesa	B.T. Cotton	4750	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	5525	5400	125
	Bhiwani	Desi	4600	4650	-50
	Adampur	B.T. Cotton	5200	5150	50
	Fatehabad	B.T. Cotton	5330	5250	80
	Jind	B.T. Cotton	5325	5300	25
	Uchana	B.T. Cotton	5400	5325	75
	Dabwali	B.T. Cotton	5265	5175	90
Rajasthan	Hanumangarh	B.T. Cotton	5400	5325	75
	Rawatsar	B.T. Cotton	5275	5200	75
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	5325	Closed	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	4920	4900	20
Uttar Pradesh	Hathras	B.T. Cotton	4800	4800	Unch
	Hathras	Desi	4800	4800	Unch
Telangana	Adilabad	Un-Ginned	4950	4900	50
Andhra Pradesh	Guntur	Un-Ginned	4100	4100	Unch
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4160	4160	Unch
Karnataka	Bijapur	Bunny	5423	5429	-6
	Hubli	D.C.H.	NA	5561	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5210	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	17-Nov-16	16-Nov-16	

Punjab	Bhatinda	J-34	4140	4110	30
	Abohar	J-34	4150	4100	50
	Mansa	J-34	4135	4100	35
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4060	4020	40
Rajasthan	Sri-Ganganagar	J-34	3948	3737	212

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	17-Nov-16	16-Nov-16	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	1195	986	209
	Rajkot	B.T. Cotton	3000	Closed	-
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	20000	20000	Unch
	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	4000	7000	-3000
	Bhiwani	Desi	100	100	Unch
	Adampur	B.T. Cotton	850	850	Unch
	Fatehabad	B.T. Cotton	700	900	-200
	Jind	B.T. Cotton	150	255	-105
	Uchana	B.T. Cotton	1530	1895	-365
	Dabwali	B.T. Cotton	2000	1610	390
Rajasthan	Hanumangarh	B.T. Cotton	1200	2000	-800
	Rawatsar	B.T. Cotton	500	500	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	4750	Closed	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	301	385	-84
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	16249	16242	7
Andhra Pradesh	Guntur	Un-Ginned	75	75	Unch
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	960	770	190

	Hubli	D.C.H.	NA	222	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	1035	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	17-Nov-16	16-Nov-16	
Punjab	Bhatinda	J-34	5100	5950	-850
	Abohar	J-34	1190	850	340
	Mansa	J-34	510	510	Unch
Haryana	Sirsa	J-34	850	850	Unch
Rajasthan	Sri-Ganganagar	J-34	1800	500	1300

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				16-Nov-16	15-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	37800	37500	300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38700	38400	300
Shankar-6(105)	29mm	3.5 - 4.9	28	39200	38900	300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40100	39800	300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40800	40500	300
DCH-32(107)	34mm	3.0 - 3.8	33	53000	52700	300

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

Centre	Unit	Price		Change
		17-Nov-16	16-Nov-16	
Rajkot	Rs. /10 Kg.	675	Closed	-
New Delhi	Rs. /10 Kg.	655	655	Unch
Hyderabad	Rs. /10 Kg.	645	645	Unch
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
		17-Nov-16	16-Nov-16	
Mahesana (Kadi)	Rs./Qtl	Closed	Closed	-

Akola	Rs./Qtl	2100	2100	Unch
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INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 17-November-2016</u>		
Index	RMB/Ton	Change
CCIndex(328)	15711	13
CCIndex(527)	14730	2
CCIndex(229)	16072	12
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 16-November-2016</u>		
Index	Cents/lb	Change
FC Index (S)	84.25	1.27
FC Index (M)	81.32	1.60
FC Index (L)	79.35	1.72

<u>Cotlook Index: As on 16-November-2016</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	79.05	1.20

<u>USDA Cotton Spot Rates: As on 16-November-2016</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	73.19	75.94	1526
North Delta	71.94	74.69	402
South Delta	71.94	74.69	176
East TX-OK	70.00	72.00	18336
West Texas	69.50	71.25	17616
Desert SW	68.94	74.94	NIL
SJ Valley	70.19	80.09	NIL
<p>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</p>			

ICE Cotton Futures (Prices in cents/lb.): As on 16-November-2016

Contract	Open	High	Low	Close	Change
Dec-16	70.66	72.28	70.37	72.13	1.44
Mar-17	70.31	71.78	70.12	71.69	1.21
May-17	70.90	72.35	70.72	72.28	1.18
Jul-17	71.30	72.53	71.05	72.46	1.00
Oct-17	71.59	71.59	71.59	71.59	0.58
Dec-17	70.00	70.62	69.78	70.56	0.47

Pakistan Cotton Spot rates: As on 16-November-2016
(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6000	135	6135
Equivalent	40 Kgs	6430	145	6575

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