

## Domestic Fundamentals:

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

**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:

According to International Cotton Advisory Committee (ICAC), world ending stocks of cotton is likely to decline by 7% to 17.8 million tons in 2016 -17 amid reduction of stocks in China. Government in China sold over 2 million tone from its reserves from May through September 2016. Ending stocks in China declined by 13 per cent to 11.3 million tons.

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	+4.00	933	940	931	937	1192	-911	11356	-169
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	164	-	-
May-17	-	-	-

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

\*Updated at 5:37 pm as on 18 –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	509	351	1191	-124
Dec-16	+100	19260	19450	19260	19310	1138	-157	5077	43

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Nov-16		-280		-	-	-
Dec-16			-	-	-	-
	—			-	-	-

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

\* Updated at 5:37 pm as on 18 –Nov 2016

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

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	18-Nov-16	17-Nov-16	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	5530	5415	115
	Rajkot	B.T. Cotton	5505	5480	25
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	5400	5250	150
	Deesa	B.T. Cotton	Closed	4750	-
	Dhrol	B.T. Cotton	Closed	Closed	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5600	5525	75
	Bhiwani	Desi	4600	4600	Unch
	Adampur	B.T. Cotton	5200	5200	Unch
	Fatehabad	B.T. Cotton	5400	5330	70
	Jind	B.T. Cotton	5450	5325	125
	Uchana	B.T. Cotton	5490	5400	90
	Dabwali	B.T. Cotton	5290	5265	25
Rajasthan	Hanumangarh	B.T. Cotton	5455	5400	55
	Rawatsar	B.T. Cotton	5300	5275	25
Madhya Pradesh	Khandwa	Mech-1	5250	5250	Unch
	Khargaon	Mech-1	5300	5325	-25
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	4835	4920	-85
Uttar Pradesh	Hathras	B.T. Cotton	4750	4800	-50
	Hathras	Desi	5150	4800	350
Telangana	Adilabad	Un-Ginned	5000	4950	50
Andhra Pradesh	Guntur	Un-Ginned	NA	4100	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	4160	-
Karnataka	Bijapur	Bunny	NA	5423	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5200	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	18-Nov-16	17-Nov-16	
Punjab	Bhatinda	J-34	4180	4140	40

	Abohar	J-34	4180	4150	30
	Mansa	J-34	4180	4135	45
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4100	4060	40
Rajasthan	Sri-Ganganagar	J-34	4230	3948	282

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	18-Nov-16	17-Nov-16	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	1606	1195	411
	Rajkot	B.T. Cotton	3640	3000	640
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	2500	20000	-17500
	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	4000	Unch
	Bhiwani	Desi	200	100	100
	Adampur	B.T. Cotton	850	850	Unch
	Fatehabad	B.T. Cotton	900	700	200
	Jind	B.T. Cotton	111	150	-39
	Uchana	B.T. Cotton	1755	1530	225
	Dabwali	B.T. Cotton	1900	2000	-100
Rajasthan	Hanumangarh	B.T. Cotton	1500	1200	300
	Rawatsar	B.T. Cotton	800	500	300
Madhya Pradesh	Khandwa	Mech-1	547	177	370
	Khargaon	Mech-1	5320	4750	570
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	140	301	-161
Uttar Pradesh	Hathras	B.T. Cotton	250	NA	-
	Hathras	Desi	50	NA	-
Telangana	Adilabad	Un-Ginned	14795	16249	-1454
Andhra Pradesh	Guntur	Un-Ginned	NA	75	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	960	-
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	710	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	18-Nov-16	17-Nov-16	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	850	1190	-340
	Mansa	J-34	510	510	Unch
Haryana	Sirsa	J-34	850	850	Unch
Rajasthan	Sri-Ganganagar	J-34	2300	1800	500

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				17-Nov-16	16-Nov-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	28100	27900	200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	29100	28900	200
J-34(202)	26mm	3.5 - 4.9	23	38300	37800	500
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39200	38700	500
Shankar-6(105)	29mm	3.5 - 4.9	28	39700	39200	500
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40400	40100	300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	41100	40800	300
DCH-32(107)	34mm	3.0 - 3.8	33	53300	53000	300

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

Centre	Unit	Price		Change
		18-Nov-16	17-Nov-16	
Rajkot	Rs. /10 Kg.	670	675	-5
New Delhi	Rs. /10 Kg.	660	655	5
Hyderabad	Rs. /10 Kg.	645	645	Unch
Mumbai	Rs. /10 Kg.	670	665	5

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

Centre	Unit	Price		Change
		18-Nov-16	17-Nov-16	
Mahesana (Kadi)	Rs./Qtl	Closed	Closed	-
Akola	Rs./Qtl	2115	2100	15

### INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 18-November-2016</u>		
Index	RMB/Ton	Change
CCIndex(328)	15799	88
CCIndex(527)	14777	47
CCIndex(229)	16150	78
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 18-November-2016</u>		
Index	Cents/lb	Change
FC Index (S)	84.75	0.50
FC Index (M)	81.71	0.39
FC Index (L)	79.84	0.49

<u>Cotlook Index: As on 17-November-2016</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	80.40	1.35

<u>USDA Cotton Spot Rates: As on 17-November-2016</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	74.04	76.79	NIL
North Delta	73.04	75.79	NIL
South Delta	73.04	75.79	311
East TX-OK	70.50	72.25	9103
West Texas	70.00	71.75	14894
Desert SW	69.79	75.79	NIL
SJ Valley	71.04	80.94	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 17-November-2016**

Contract	Open	High	Low	Close	Change
<b>Dec-16</b>	72.26	73.49	70.98	73.38	<b>1.25</b>
<b>Mar-17</b>	71.60	72.75	69.83	72.54	<b>0.85</b>
<b>May-17</b>	72.21	73.18	70.40	73.07	<b>0.79</b>
<b>Jul-17</b>	72.43	73.19	70.74	73.14	<b>0.68</b>
<b>Oct-17</b>	71.66	71.93	71.66	71.93	<b>0.34</b>
<b>Dec-17</b>	70.66	71.10	69.28	70.91	<b>0.35</b>

**Pakistan Cotton Spot rates: As on 17-November-2016**
**(in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
<b>Cotton</b>	37.32 Kgs	6100	135	6235
<b>Equivalent</b>	40 Kgs	6537	145	6682

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