

## Domestic Fundamentals:

**Market Outlook:** Cotton spot markets noticed range –bound to weak tone on Saturday.

**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	19-Nov-16	18-Nov-16	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	5475	5530	-55
	Rajkot	B.T. Cotton	Closed	5505	-
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	5400	5400	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	5600	5600	Unch
	Bhiwani	Desi	4700	4600	100
	Adampur	B.T. Cotton	5250	5200	50
	Fatehabad	B.T. Cotton	5385	5400	-15
	Jind	B.T. Cotton	5400	5450	-50
	Uchana	B.T. Cotton	5480	5490	-10
	Dabwali	B.T. Cotton	5270	5290	-20
Rajasthan	Hanumangarh	B.T. Cotton	5370	5455	-85
	Rawatsar	B.T. Cotton	5300	5300	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	5250	-
	Khargaon	Mech-1	Closed	5300	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	4876	4835	41
Uttar Pradesh	Hathras	B.T. Cotton	4750	4750	Unch
	Hathras	Desi	5150	5150	Unch
Telangana	Adilabad	Un-Ginned	5000	5000	Unch
Andhra Pradesh	Guntur	Un-Ginned	4100	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5511	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5210	5200	10
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	19-Nov-16	18-Nov-16	
Punjab	Bhatinda	J-34	4195	4180	15

	Abohar	J-34	4200	4180	20
	Mansa	J-34	4195	4180	15
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4110	4100	10
Rajasthan	Sri-Ganganagar	J-34	4136	4230	-94

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	19-Nov-16	18-Nov-16	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	1888	1606	282
	Rajkot	B.T. Cotton	Closed	3640	-
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	10000	2500	7500
	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	400	200	200
	Adampur	B.T. Cotton	510	850	-340
	Fatehabad	B.T. Cotton	1000	900	100
	Jind	B.T. Cotton	100	111	-10
	Uchana	B.T. Cotton	1865	1755	110
	Dabwali	B.T. Cotton	1650	1900	-250
Rajasthan	Hanumangarh	B.T. Cotton	1500	1500	Unch
	Rawatsar	B.T. Cotton	400	800	-400
Madhya Pradesh	Khandwa	Mech-1	Closed	547	-
	Khargaon	Mech-1	Closed	5320	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	324	140	184
Uttar Pradesh	Hathras	B.T. Cotton	250	250	Unch
	Hathras	Desi	50	50	Unch
Telangana	Adilabad	Un-Ginned	16637	14795	1842
Andhra Pradesh	Guntur	Un-Ginned	180	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	1230	NA	-
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	728	710	18
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	19-Nov-16	18-Nov-16	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	850	850	Unch
	Mansa	J-34	510	510	Unch
Haryana	Sirsa	J-34	680	850	-170
Rajasthan	Sri-Ganganagar	J-34	1950	2300	-350

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				18-Nov-16	17-Nov-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	28100	28100	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	29100	29100	Unch
J-34(202)	26mm	3.5 - 4.9	23	38500	38300	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39400	39200	200
Shankar-6(105)	29mm	3.5 - 4.9	28	39900	39700	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40600	40400	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	41300	41100	200
DCH-32(107)	34mm	3.0 - 3.8	33	53300	53300	Unch

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

Centre	Unit	Price		Change
		19-Nov-16	18-Nov-16	
Rajkot	Rs. /10 Kg.	680	670	10
New Delhi	Rs. /10 Kg.	660	660	Unch
Hyderabad	Rs. /10 Kg.	645	645	Unch
Mumbai	Rs. /10 Kg.	670	670	Unch

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

Centre	Unit	Price		Change
		19-Nov-16	18-Nov-16	
Mahesana (Kadi)	Rs./Qtl	Closed	Closed	-
Akola	Rs./Qtl	2103	2115	-12

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 18-November-2016**

Index	RMB/Ton	Change
CCIndex(328)	15799	88
CCIndex(527)	14777	47
CCIndex(229)	16150	78
RMB -Renminbi, 1RMB =0.16 \$U.S.		

**China Foreign Cotton (FCE) Index : As on 18-November-2016**

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

**Cotlook Index: As on 17-November-2016**

Cotlook Indices	Cents/Pound	Change
A-Index	80.40	1.35

**USDA Cotton Spot Rates: As on 17-November-2016**

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 18-November-2016**

Contract	Open	High	Low	Close	Change
<b>Dec-16</b>	73.50	73.62	72.67	73.40	<b>0.02</b>
<b>Mar-17</b>	72.54	72.60	71.59	72.32	<b>-0.22</b>
<b>May-17</b>	73.00	73.13	72.06	72.93	<b>-0.14</b>
<b>Jul-17</b>	73.03	73.07	72.06	72.99	<b>-0.15</b>
<b>Oct-17</b>	71.86	71.86	71.86	71.86	<b>-0.07</b>
<b>Dec-17</b>	70.86	70.86	69.90	70.78	<b>-0.13</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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