

## Domestic Fundamentals:

**Market Outlook:** Cotton spot markets witnessed mostly weak tone on Monday.

**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.

China is having lower stocks of cotton as over 2 million metric tonnes have been sold from May through September 2016. 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. Ending stocks in China declined by 13 per cent to 11.3 million tons. China is currently purchasing from U.S. With the arrival of new crop in the domestic market, Indian cotton is competitive compared to US. India can expect to export cotton to China in the coming weeks.

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	-8.50	938.5	945.5	915	927	2167	975	11168	-188
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	174	-	-
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 21 –Nov 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-16	-120	19100	19180	18900	19030	593	-84	928	-263
Dec-16	-160	19400	19470	19170	19200	1140	-2	5079	2

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Nov-16		-170		-	-	-
Dec-16			-	-	-	-
	—			-	-	-

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

\* Updated at 5:01 pm as on 21 –Nov 2016

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

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	21-Nov-16	19-Nov-16	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	5475	5475	Unch
	Rajkot	B.T. Cotton	Closed	Closed	-
	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	5300	5600	-300
	Bhiwani	Desi	4700	4700	Unch
	Adampur	B.T. Cotton	5200	5250	-50
	Fatehabad	B.T. Cotton	5225	5385	-160
	Jind	B.T. Cotton	5340	5400	-60
	Uchana	B.T. Cotton	5465	5480	-15
	Dabwali	B.T. Cotton	5250	5270	-20
Rajasthan	Hanumangarh	B.T. Cotton	5400	5370	30
	Rawatsar	B.T. Cotton	5300	5300	Unch
Madhya Pradesh	Khandwa	Mech-1	5200	Closed	-
	Khargaon	Mech-1	5260	Closed	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	4912	4876	36
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	4100	Unch
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4160	4160	Unch
Karnataka	Bijapur	Bunny	5530	5511	19
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5210	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	21-Nov-16	19-Nov-16	
Punjab	Bhatinda	J-34	4135	4195	-60

	Abohar	J-34	4130	4200	-70
	Mansa	J-34	4115	4195	-80
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4025	4110	-85
Rajasthan	Sri-Ganganagar	J-34	4371	4136	235

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	21-Nov-16	19-Nov-16	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	2559	1888	671
	Rajkot	B.T. Cotton	Closed	Closed	-
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	15000	10000	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	4000	4000	Unch
	Bhiwani	Desi	200	400	-200
	Adampur	B.T. Cotton	510	510	Unch
	Fatehabad	B.T. Cotton	600	1000	-400
	Jind	B.T. Cotton	80	100	-20
	Uchana	B.T. Cotton	1535	1865	-330
	Dabwali	B.T. Cotton	3000	1650	1350
Rajasthan	Hanumangarh	B.T. Cotton	2500	1500	1000
	Rawatsar	B.T. Cotton	400	400	Unch
Madhya Pradesh	Khandwa	Mech-1	2000	Closed	-
	Khargaon	Mech-1	7380	Closed	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	231	324	-93
Uttar Pradesh	Hathras	B.T. Cotton	250	250	Unch
	Hathras	Desi	50	50	Unch
Telangana	Adilabad	Un-Ginned	15667	16637	-970
Andhra Pradesh	Guntur	Un-Ginned	280	180	100
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	790	1230	-440
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	728	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	21-Nov-16	19-Nov-16	
Punjab	Bhatinda	J-34	5950	5100	850
	Abohar	J-34	850	850	Unch
	Mansa	J-34	680	510	170
Haryana	Sirsa	J-34	1190	680	510
Rajasthan	Sri-Ganganagar	J-34	1820	1950	-130

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				19-Nov-16	18-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	38500	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39600	39400	200
Shankar-6(105)	29mm	3.5 - 4.9	28	40000	39900	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40800	40600	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	41400	41300	100
DCH-32(107)	34mm	3.0 - 3.8	33	53500	53300	200

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

Centre	Unit	Price		Change
		21-Nov-16	19-Nov-16	
Rajkot	Rs. /10 Kg.	690	680	10
New Delhi	Rs. /10 Kg.	660	660	Unch
Hyderabad	Rs. /10 Kg.	660	645	15
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
		21-Nov-16	19-Nov-16	
Mahesana (Kadi)	Rs./Qtl	Closed	Closed	-
Akola	Rs./Qtl	2078	2103	-25

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 21-November-2016**

Index	RMB/Ton	Change
CCIndex(328)	15816	17
CCIndex(527)	14780	3
CCIndex(229)	16153	3
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 18-November-2016**

Cotlook Indices	Cents/Pound	Change
A-Index	81.15	0.75

**USDA Cotton Spot Rates: As on 18-November-2016**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	73.82	76.57	2
North Delta	72.82	75.57	NIL
South Delta	72.82	75.57	NIL
East TX-OK	70.50	72.25	8071
West Texas	70.00	71.75	7080
Desert SW	69.57	75.57	NIL
SJ Valley	70.82	80.72	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 19-November-2016**
**(in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
<b>Cotton</b>	37.32 Kgs	6150	135	6285
<b>Equivalent</b>	40 Kgs	6591	145	6736

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