

Domestic Fundamentals:

Market Outlook: Mixed sentiments were recorded in Cotton spot markets on Thursday.

In The News: The recent ban on high –currency notes has affected cotton exports from India. Export of around 1 million bales of cotton crop from India has been delayed following demonetisation. Prices have increased in the domestic market amid lack of availability and buyers could shift to other countries like the United States, Brazil and Africa. India's total exports in the 2016 -17 marketing year that started on October 01, 2016 is likely to be affected. Farmers are not interested in selling as payment in cash is not available currently.

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.

India exported 1.812 lakh bales of cotton last week (14 -20 November 2016), which was 1.333 lakh bales previous to last week (07 -13 November 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (14 -20 November, 2016) was China. According to the data released by IBIS and compiled by Agriwatch, China imported 1.071 lakh bales of cotton from India in the past week (14 -20 November, 2016). Other major importers were Bangladesh, Pakistan, Vietnam and Thailand and their imported volumes were 0.407, 0.095, 0.086 and 0.035 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	+3.50	915.00	922.50	910.50	915.50	951	-1,368	10817	59
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	187.5	-	-
May-17	-	-	-

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

*Updated at 5:04 pm on 23 Nov 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-16	+10.00	19170.00	19350.00	19130.00	19200.00	162	-48	638	-148
Dec-16	+60.00	19060.00	19230.00	19020.00	19110.00	678	-233	4776	-144

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	---			-	-	-
Nov-16		-80		-	-	-
Dec-16			-	-	-	-

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	24-Nov-16	23-Nov-16	
Gujarat	Ahmedabad	Shankar-6	5250	Closed	-
	Gondal	Shankar-6	5280	5350	-70
	Rajkot	B.T. Cotton	5375	Closed	-
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	5250	5250	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	5350	5350	Unch
	Bhiwani	Desi	4600	4700	-100
	Adampur	B.T. Cotton	5165	5165	Unch
	Fatehabad	B.T. Cotton	5225	5225	Unch
	Jind	B.T. Cotton	5370	5330	40
	Uchana	B.T. Cotton	5255	5240	15
	Dabwali	B.T. Cotton	5150	5225	-75
Rajasthan	Hanumangarh	B.T. Cotton	5350	5300	50
	Rawatsar	B.T. Cotton	5200	5100	100
Madhya Pradesh	Khandwa	Mech-1	5000	5000	Unch
	Khargaon	Mech-1	5150	5200	-50
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	5040	5016	24
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4830	4880	-50
Andhra Pradesh	Guntur	Un-Ginned	4100	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4160	4160	Unch
Karnataka	Bijapur	Bunny	5410	5480	-70
	Hubli	D.C.H.	NA	5620	-
	Hubli	B.T. Cotton	NA	6630	-
	Raichur	H-44 Cotton	NA	5150	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	24-Nov-16	23-Nov-16	
Punjab	Bhatinda	J-34	4125	4110	15

	Abohar	J-34	4125	4110	15
	Mansa	J-34	4120	4110	10
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4010	4000	10
Rajasthan	Sri-Ganganagar	J-34	3760	3770	-9

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	24-Nov-16	23-Nov-16	
Gujarat	Ahmedabad	Shankar-6	34000	Closed	-
	Gondal	Shankar-6	2874	2523	351
	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	2000	2000	Unch
	Bhiwani	Desi	100	100	Unch
	Adampur	B.T. Cotton	1190	1360	-170
	Fatehabad	B.T. Cotton	500	600	-100
	Jind	B.T. Cotton	110	119	-9
	Uchana	B.T. Cotton	1120	1415	-295
	Dabwali	B.T. Cotton	1100	1550	-450
Rajasthan	Hanumangarh	B.T. Cotton	2000	1600	400
	Rawatsar	B.T. Cotton	500	1000	-500
Madhya Pradesh	Khandwa	Mech-1	2500	2500	Unch
	Khargaon	Mech-1	8960	8800	160
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	247	231	16
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	16402	16580	-178
Andhra Pradesh	Guntur	Un-Ginned	20	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	1430	1420	10
	Hubli	D.C.H.	NA	320	-

	Hubli	B.T. Cotton	NA	22	-
	Raichur	H-44 Cotton	NA	1822	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	24-Nov-16	23-Nov-16	
Punjab	Bhatinda	J-34	5950	6800	-850
	Abohar	J-34	680	680	Unch
	Mansa	J-34	425	510	-85
Haryana	Sirsa	J-34	850	850	Unch
Rajasthan	Sri-Ganganagar	J-34	150	200	-50

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				23-Nov-16	22-Nov-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	27000	27800	-800
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	28000	28700	-700
J-34(202)	26mm	3.5 - 4.9	23	37800	38000	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38600	39000	-400
Shankar-6(105)	29mm	3.5 - 4.9	28	39000	39400	-400
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40000	40300	-300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40800	41100	-300
DCH-32(107)	34mm	3.0 - 3.8	33	54000	54000	Unch

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

Centre	Unit	Price		Change
		24-Nov-16	23-Nov-16	
Rajkot	Rs. /10 Kg.	670	670	Unch
New Delhi	Rs. /10 Kg.	670	670	Unch
Hyderabad	Rs. /10 Kg.	650	655	-5
Mumbai	Rs. /10 Kg.	675	675	Unch

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

Centre	Unit	Price		Change
		24-Nov-16	23-Nov-16	
Mahesana (Kadi)	Rs./Qtl	2012	Closed	-
Akola	Rs./Qtl	1980	1995	-15

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 24-November-2016</u>		
Index	RMB/Ton	Change
CCIndex(328)	15936	48
CCIndex(527)	14876	45
CCIndex(229)	16236	26
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 24-November-2016</u>		
Index	Cents/lb	Change
FC Index (S)	84.09	-0.38
FC Index (M)	81.08	0.32
FC Index (L)	79.09	-0.50

<u>Cotlook Index: As on 23-November-2016</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	80.70	-0.10

<u>USDA Cotton Spot Rates: As on 23-November-2016</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	73.14	75.89	2190
North Delta	72.14	74.89	NIL
South Delta	72.14	74.89	NIL
East TX-OK	69.50	71.25	3011
West Texas	69.50	71.25	6147
Desert SW	68.39	74.39	89
SJ Valley	69.64	79.54	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.): Ason 23-November-2016

Contract	Open	High	Low	Close	Change
Dec-16	73.30	73.55	72.00	73.08	-0.64
Mar-17	72.27	72.32	70.63	71.64	-0.60
May-17	72.93	72.95	71.30	72.31	-0.58
Jul-17	73.05	73.05	71.47	72.46	-0.55
Oct-17	71.77	71.77	71.77	71.77	-0.12
Dec-17	70.56	70.73	69.95	70.37	-0.34

Pakistan Cotton Spot rates: As on 23-November-2016
(in Pakistan Rupees)

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

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