

Domestic Fundamentals:

Market Outlook: Cotton spot markets noticed mixed tone on Friday.

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 | -7.50 | 915 | 919.5 | 908.5 | 910.50 | 878 | -1441 | 10723 | -35 |
| Con_2 | - | - | - | - | - | - | - | - | - |

| | | | |
|--------|----------|---|---|
| Spread | April-17 | | |
| Spot | 167.5 | - | - |
| May-17 | - | - | - |

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

*Updated at 6:27 pm as on 25 –Nov 2016

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

| Contract | +/- | Open | High | Low | Close | Volume | Change | OI | Change |
|----------|------|-------|-------|-------|-------|--------|--------|------|--------|
| Nov-16 | -200 | 19100 | 19180 | 18900 | 19030 | 359 | -149 | 415 | -371 |
| Dec-16 | -130 | 19080 | 19120 | 18910 | 19000 | 1216 | -305 | 4741 | -179 |

| | | | | | | |
|--------|--------|--------|--------|--------|----|----|
| Spread | Oct-16 | Nov-16 | Jan-17 | Mar-17 | -- | -- |
| Spot | — | | | - | - | - |
| Nov-16 | | 30 | | - | - | - |
| Dec-16 | | | - | - | - | - |
| | — | | | - | - | - |

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

* Updated at 6:27 pm as on 25 –Nov 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

| Commodity | Kapas | | Prices (Rs./Quintal) | | Change |
|----------------|---------------|---------------|----------------------|-----------|--------|
| State | Centre | Variety | 25-Nov-16 | 24-Nov-16 | |
| Gujarat | Ahmedabad | Shankar-6 | 5250 | 5250 | Unch |
| | Gondal | Shankar-6 | 5340 | 5280 | 60 |
| | Rajkot | B.T. Cotton | 5390 | 5375 | 15 |
| | Patan | B.T. Cotton | Closed | Closed | - |
| | Kadi | B.T. Cotton | 5300 | 5250 | 50 |
| | 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 | 4450 | 4600 | -150 |
| | Adampur | B.T. Cotton | 5210 | 5165 | 45 |
| | Fatehabad | B.T. Cotton | 5250 | 5225 | 25 |
| | Jind | B.T. Cotton | 5230 | 5370 | -140 |
| | Uchana | B.T. Cotton | 5280 | 5255 | 25 |
| | Dabwali | B.T. Cotton | 5150 | 5150 | Unch |
| Rajasthan | Hanumangarh | B.T. Cotton | 5250 | 5350 | -100 |
| | Rawatsar | B.T. Cotton | 5200 | 5200 | Unch |
| Madhya Pradesh | Khandwa | Mech-1 | 5100 | 5000 | 100 |
| | Khargaon | Mech-1 | 5160 | 5150 | 10 |
| Maharashtra | Amravati | Mech-1 | NA | NA | - |
| | Jamner | Medium Staple | 5019 | 5040 | -21 |
| Uttar Pradesh | Hathras | B.T. Cotton | NA | NA | - |
| | Hathras | Desi | NA | NA | - |
| Telangana | Adilabad | Un-Ginned | 4830 | 4830 | Unch |
| Andhra Pradesh | Guntur | Un-Ginned | NA | 4100 | - |
| | Kurnool | Un-Ginned | NA | NA | - |
| | Krishna | Un-Ginned | NA | NA | - |
| | East Godavari | Un-Ginned | 4160 | 4160 | Unch |
| Karnataka | Bijapur | Bunny | 5665 | 5410 | 255 |
| | Hubli | D.C.H. | NA | 5555 | - |
| | Hubli | B.T. Cotton | NA | 6469 | - |
| | Raichur | H-44 Cotton | NA | 5060 | - |
| Commodity | Lint | | Prices (Rs./Maund) | | Change |
| State | Centre | Variety | 25-Nov-16 | 24-Nov-16 | |
| Punjab | Bhatinda | J-34 | 4135 | 4125 | 10 |

| | | | | | |
|-----------|----------------|------|------|------|------|
| | Abohar | J-34 | 4140 | 4125 | 15 |
| | Mansa | J-34 | 4135 | 4120 | 15 |
| | Muktsar | J-34 | NA | NA | - |
| | Fazilika | J-34 | NA | NA | - |
| Haryana | Sirsa | J-34 | 4040 | 4010 | 30 |
| Rajasthan | Sri-Ganganagar | J-34 | 3760 | 3760 | Unch |

Cotton Arrivals in Key Centers:

| Commodity | Kapas | | Arrivals (Quintal) | | Change |
|----------------|---------------|---------------|--------------------|-----------|--------|
| State | Centre | Variety | 25-Nov-16 | 24-Nov-16 | |
| Gujarat | Ahmedabad | Shankar-6 | 25500 | 34000 | -8500 |
| | Gondal | Shankar-6 | 3242 | 2874 | 368 |
| | Rajkot | B.T. Cotton | 4000 | 3000 | 1000 |
| | Patan | B.T. Cotton | Closed | Closed | - |
| | Kadi | B.T. Cotton | 25000 | 20000 | 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 | 1000 | 2000 | -1000 |
| | Bhiwani | Desi | 50 | 100 | -50 |
| | Adampur | B.T. Cotton | 1360 | 1190 | 170 |
| | Fatehabad | B.T. Cotton | 700 | 500 | 200 |
| | Jind | B.T. Cotton | 100 | 110 | -9 |
| | Uchana | B.T. Cotton | 750 | 1120 | -370 |
| | Dabwali | B.T. Cotton | 850 | 1100 | -250 |
| Rajasthan | Hanumangarh | B.T. Cotton | 1500 | 2000 | -500 |
| | Rawatsar | B.T. Cotton | 600 | 500 | 100 |
| Madhya Pradesh | Khandwa | Mech-1 | 2000 | 2500 | -500 |
| | Khargaon | Mech-1 | 8120 | 8960 | -840 |
| Maharashtra | Amravati | Mech-1 | NA | NA | - |
| | Jamner | Medium Staple | 61 | 247 | -186 |
| Uttar Pradesh | Hathras | B.T. Cotton | NA | NA | - |
| | Hathras | Desi | NA | NA | - |
| Telangana | Adilabad | Un-Ginned | 12048 | 16402 | -4354 |
| Andhra Pradesh | Guntur | Un-Ginned | NA | 20 | - |
| | Kurnool | Un-Ginned | NA | NA | - |
| | Krishna | Un-Ginned | NA | NA | - |
| | East Godavari | Un-Ginned | NA | NA | - |
| Karnataka | Bijapur | Bunny | 1210 | 1430 | -220 |
| | Hubli | D.C.H. | NA | 328 | - |

| | Hubli | B.T. Cotton | NA | 4 | - |
|-----------|----------------|-------------|--------------------|-----------|--------|
| | Raichur | H-44 Cotton | NA | 1980 | - |
| Commodity | Lint | | Arrivals (Quintal) | | Change |
| State | Centre | Variety | 25-Nov-16 | 24-Nov-16 | |
| Punjab | Bhatinda | J-34 | 5100 | 5950 | -850 |
| | Abohar | J-34 | 680 | 680 | Unch |
| | Mansa | J-34 | 510 | 425 | 85 |
| Haryana | Sirsa | J-34 | 1190 | 850 | 340 |
| Rajasthan | Sri-Ganganagar | J-34 | 200 | 150 | 50 |

Cotton Association of India Spot Rates:

| Trade Name | Staple | Micronaire | Strength/ GPT | Rs. Per Candy | Rs. Per Candy | Change |
|---------------------------------------|------------|------------|------------------|---------------|---------------|--------|
| | | | | 24-Nov-16 | 23-Nov-16 | |
| Bengal Deshi (RG)/Assam Comilla (101) | Below 22mm | 5.0 - 7.0 | 15 | 27000 | 27000 | Unch |
| Bengal Deshi (SG)(201) | Below 22mm | 5.0 - 7.0 | 15 | 28000 | 28000 | Unch |
| J-34(202) | 26mm | 3.5 - 4.9 | 23 | 37800 | 37800 | Unch |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 38600 | 38600 | Unch |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 39100 | 39000 | 100 |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 40000 | 40000 | Unch |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | 40800 | 40800 | Unch |
| 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 |
|-----------|-------------|-----------|-----------|--------|
| | | 25-Nov-16 | 24-Nov-16 | |
| Rajkot | Rs. /10 Kg. | 675 | 670 | 5 |
| New Delhi | Rs. /10 Kg. | 675 | 670 | 5 |
| Hyderabad | Rs. /10 Kg. | 670 | 650 | 20 |
| 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 |
|-----------------|---------|-----------|-----------|--------|
| | | 25-Nov-16 | 24-Nov-16 | |
| Mahesana (Kadi) | Rs./Qtl | 2005 | 2012 | -7 |
| Akola | Rs./Qtl | 1950 | 1980 | -30 |

INTERNATIONAL PRICES AND INDICES

| <u>China Cotton Index: As on 25-November-2016</u> | | |
|--|----------------|---------------|
| Index | RMB/Ton | Change |
| CCIndex(328) | 15962 | 26 |
| CCIndex(527) | 14896 | 20 |
| CCIndex(229) | 16269 | 33 |
| RMB -Renminbi, 1RMB =0.16 \$U.S. | | |

| <u>China Foreign Cotton (FCE) Index : As on 25-November-2016</u> | | |
|---|-----------------|---------------|
| Index | Cents/lb | Change |
| FC Index (S) | 84.09 | Unch |
| FC Index (M) | 81.08 | Unch |
| FC Index (L) | 79.09 | Unch |

| <u>Cotlook Index: As on 24-November-2016</u> | | |
|---|--------------------|---------------|
| Cotlook Indices | Cents/Pound | Change |
| A-Index | 80.20 | -0.50 |

| <u>USDA Cotton Spot Rates: As on 24-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 | 3001 |
| 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 24-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 24-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 |

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2016 Indian Agribusiness Systems Pvt. Ltd.