

Domestic Fundamentals:

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

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.

According to the China Cotton Association, imports of cotton in the month of October declined by 1.9 per cent to 41,300 tonnes compared to the same period previous year. According to the data, in the first ten months of the calendar year 2016, China's imports of cotton declined by 42 per cent to 696,000 tonnes.

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	+13.50	904	924.5	904	923	2618	1740	10980	257
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	143	-	-
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 28 –Nov 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-16	+230	19100	19180	18900	19030	161	198	306	-109
Dec-16	+240	18990	19280	18910	19260	1089	127	4594	-147

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Nov-16		-230		-	-	-
Dec-16			-	-	-	-
	—			-	-	-

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

* Updated at 6:27 pm as on 28 –Nov 2016

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	28-Nov-16	26-Nov-16	
Gujarat	Ahmedabad	Shankar-6	5300	5300	Unch
	Gondal	Shankar-6	5350	5345	5
	Rajkot	B.T. Cotton	5330	5400	-70
	Patan	B.T. Cotton	5210	5185	25
	Kadi	B.T. Cotton	5250	5275	-25
	Deesa	B.T. Cotton	4755	Closed	-
	Dhrol	B.T. Cotton	5270	5260	10
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5400	5380	20
	Bhiwani	Desi	4400	4400	Unch
	Adampur	B.T. Cotton	5150	5185	-35
	Fatehabad	B.T. Cotton	5260	5250	10
	Jind	B.T. Cotton	5285	5240	45
	Uchana	B.T. Cotton	5240	5280	-40
	Dabwali	B.T. Cotton	5125	5125	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5250	5225	25
	Rawatsar	B.T. Cotton	5160	5225	-65
Madhya Pradesh	Khandwa	Mech-1	5120	5120	Unch
	Khargaon	Mech-1	5100	5150	-50
Maharashtra	Amravati	Mech-1	4950	4925	25
	Jamner	Medium Staple	NA	4950	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4890	4840	50
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4160	4160	Unch
Karnataka	Bijapur	Bunny	5290	5345	-55
	Hubli	D.C.H.	5439	5459	-20
	Hubli	B.T. Cotton	6660	6670	-10
	Raichur	H-44 Cotton	4970	4900	70
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	28-Nov-16	26-Nov-16	

Punjab	Bhatinda	J-34	4140	4115	25
	Abohar	J-34	4125	4110	15
	Mansa	J-34	4130	4115	15
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4030	4010	20
Rajasthan	Sri-Ganganagar	J-34	3788	3760	28

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	28-Nov-16	26-Nov-16	
Gujarat	Ahmedabad	Shankar-6	28900	25500	3400
	Gondal	Shankar-6	2694	2377	317
	Rajkot	B.T. Cotton	4400	4400	Unch
	Patan	B.T. Cotton	3255	14675	-11420
	Kadi	B.T. Cotton	25000	35000	-10000
	Deesa	B.T. Cotton	1325	Closed	-
	Dhrol	B.T. Cotton	240	90	150
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	2500	1500	1000
	Bhiwani	Desi	100	50	50
	Adampur	B.T. Cotton	1190	1190	Unch
	Fatehabad	B.T. Cotton	600	700	-100
	Jind	B.T. Cotton	90	85	5
	Uchana	B.T. Cotton	1425	750	675
	Dabwali	B.T. Cotton	2100	1300	800
Rajasthan	Hanumangarh	B.T. Cotton	2000	1600	400
	Rawatsar	B.T. Cotton	1600	1500	100
Madhya Pradesh	Khandwa	Mech-1	1450	1450	Unch
	Khargaon	Mech-1	7000	8400	-1400
Maharashtra	Amravati	Mech-1	520	580	-60
	Jamner	Medium Staple	NA	29	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5678	8055	-2377
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	1070	950	120

	Hubli	D.C.H.	146	150	-4
	Hubli	B.T. Cotton	84	24	60
	Raichur	H-44 Cotton	4600	1245	3355
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	28-Nov-16	26-Nov-16	
Punjab	Bhatinda	J-34	5950	5100	850
	Abohar	J-34	850	850	Unch
	Mansa	J-34	510	510	Unch
Haryana	Sirsa	J-34	1020	1700	-680
Rajasthan	Sri-Ganganagar	J-34	150	100	50

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				26-Nov-16	25-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	37900	37900	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38600	38700	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	39000	39200	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40000	40100	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40800	40900	-100
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
		28-Nov-16	26-Nov-16	
Rajkot	Rs. /10 Kg.	685	680	5
New Delhi	Rs. /10 Kg.	670	670	Unch
Hyderabad	Rs. /10 Kg.	660	670	-10
Mumbai	Rs. /10 Kg.	680	670	10

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

Centre	Unit	Price		Change
		28-Nov-16	26-Nov-16	
Mahesana (Kadi)	Rs./Qtl	1946	1996	-50
Akola	Rs./Qtl	1948	1947	1

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 28-November-2016		
Index	RMB/Ton	Change
CCIndex(328)	15977	35
CCIndex(527)	14905	9
CCIndex(229)	16317	49
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 28-November-2016		
Index	Cents/lb	Change
FC Index (S)	83.74	-0.35
FC Index (M)	80.70	-0.38
FC Index (L)	78.77	-0.32

Cotlook Index: As on 25-November-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	80.20	Unch

USDA Cotton Spot Rates: As on 25-November-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	72.75	75.50	NIL
North Delta	71.75	74.50	NIL
South Delta	71.75	74.50	NIL
East TX-OK	69.25	71.00	1593
West Texas	69.25	71.00	2444
Desert SW	68.00	74.00	89
SJ Valley	69.25	79.15	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 25-November-2016

Contract	Open	High	Low	Close	Change
Dec-16	72.18	72.80	71.96	72.65	-0.43
Mar-17	71.27	71.48	70.40	71.25	-0.39
May-17	72.00	72.13	71.10	71.90	-0.41
Jul-17	72.20	72.25	71.36	72.17	-0.29
Oct-17	71.50	71.50	71.50	71.50	-0.27
Dec-17	69.50	70.29	69.50	70.22	-0.15

Pakistan Cotton Spot rates: As on 26-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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