

Domestic Fundamentals:

Market Outlook: Cotton spot markets noticed range –bound to firm tone on Tuesday.

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:

Kenya is planning for cotton revival which was a major foreign-exchange earner until the 1980's. There is good demand for lint from the domestic mills and there is also a potential to supply manufacturers exporting clothing and textiles to the U.S. under a preferential trade deal. The government is planning training and credit facilities for farmers in order to increase production which touched 38,000 metric tonnes in 1984 -85. Currently Kenya produces around 15,700 metric tonnes and there is demand for around 37,000 tonnes. It imports from neighbouring countries to meet its requirement.

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	-2.50	922	925	917	923	1401	-1217	10979	-1
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	133	-	-
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 29 –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	99	62	182	-124
Dec-16	160	19230	19250	19080	19180	1255	-166	4441	-153

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Nov-16		-150		-	-	-
Dec-16			-	-	-	-
	—			-	-	-

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

* Updated at 5:37 pm as on 29 –Nov 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	29-Nov-16	28-Nov-16	
Gujarat	Ahmedabad	Shankar-6	5300	5300	Unch
	Gondal	Shankar-6	NR	5350	-
	Rajkot	B.T. Cotton	5280	5330	-50
	Patan	B.T. Cotton	NR	5210	-
	Kadi	B.T. Cotton	5250	5250	Unch
	Deesa	B.T. Cotton	4775	4755	20
	Dhrol	B.T. Cotton	5340	5270	70
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5300	5400	-100
	Bhiwani	Desi	4400	4400	Unch
	Adampur	B.T. Cotton	5150	5150	Unch
	Fatehabad	B.T. Cotton	5300	5260	40
	Jind	B.T. Cotton	5350	5285	65
	Uchana	B.T. Cotton	NA	5240	-
	Dabwali	B.T. Cotton	5135	5125	10
Rajasthan	Hanumangarh	B.T. Cotton	5225	5250	-25
	Rawatsar	B.T. Cotton	5135	5160	-25
Madhya Pradesh	Khandwa	Mech-1	Closed	5120	-
	Khargaon	Mech-1	Closed	5100	-
Maharashtra	Amravati	Mech-1	5050	4950	100
	Jamner	Medium Staple	4605	4600	5
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	4890	-
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	5300	5290	10
	Hubli	D.C.H.	NA	5439	-
	Hubli	B.T. Cotton	NA	6660	-
	Raichur	H-44 Cotton	NA	4970	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	29-Nov-16	28-Nov-16	
Punjab	Bhatinda	J-34	4180	4140	40

	Abohar	J-34	4170	4125	45
	Mansa	J-34	4180	4130	50
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4075	4030	45
Rajasthan	Sri-Ganganagar	J-34	3826	3788	38

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	29-Nov-16	28-Nov-16	
Gujarat	Ahmedabad	Shankar-6	34000	28900	5100
	Gondal	Shankar-6	NR	2694	-
	Rajkot	B.T. Cotton	5600	4400	1200
	Patan	B.T. Cotton	NR	3255	-
	Kadi	B.T. Cotton	30000	25000	5000
	Deesa	B.T. Cotton	1500	1325	175
	Dhrol	B.T. Cotton	454	240	214
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	1000	2500	-1500
	Bhiwani	Desi	1000	100	900
	Adampur	B.T. Cotton	1190	1190	Unch
	Fatehabad	B.T. Cotton	900	600	300
	Jind	B.T. Cotton	105	90	15
	Uchana	B.T. Cotton	NA	1425	-
	Dabwali	B.T. Cotton	1650	2100	-450
Rajasthan	Hanumangarh	B.T. Cotton	1000	2000	-1000
	Rawatsar	B.T. Cotton	1600	1600	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	1450	-
	Khargaon	Mech-1	Closed	7000	-
Maharashtra	Amravati	Mech-1	590	520	70
	Jamner	Medium Staple	175	156	19
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	5678	-
Andhra Pradesh	Guntur	Un-Ginned	30	30	Unch
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	1510	1070	440
	Hubli	D.C.H.	NA	146	-

	Hubli	B.T. Cotton	NA	84	-
	Raichur	H-44 Cotton	NA	4600	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	29-Nov-16	28-Nov-16	
Punjab	Bhatinda	J-34	5100	5950	-850
	Abohar	J-34	850	850	Unch
	Mansa	J-34	765	510	255
Haryana	Sirsa	J-34	1700	1020	680
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
				28-Nov-16	26-Nov-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	26800	27000	-200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	27800	28000	-200
J-34(202)	26mm	3.5 - 4.9	23	38100	37900	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38700	38600	100
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
		29-Nov-16	28-Nov-16	
Rajkot	Rs. /10 Kg.	690	685	5
New Delhi	Rs. /10 Kg.	670	670	Unch
Hyderabad	Rs. /10 Kg.	660	660	Unch
Mumbai	Rs. /10 Kg.	690	680	10

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

Centre	Unit	Price		Change
		29-Nov-16	28-Nov-16	
Mahesana (Kadi)	Rs./Qtl	1975	1946	29
Akola	Rs./Qtl	1972	1948	24

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 29-November-2016</u>		
Index	RMB/Ton	Change
CCIndex(328)	16019	22
CCIndex(527)	14910	5
CCIndex(229)	16328	11
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 29-November-2016</u>		
Index	Cents/lb	Change
FC Index (S)	84.35	0.61
FC Index (M)	81.27	0.57
FC Index (L)	79.43	0.66

<u>Cotlook Index: As on 28-November-2016</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	79.80	-0.40

<u>USDA Cotton Spot Rates: As on 28-November-2016</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	73.52	76.27	46
North Delta	72.52	75.27	NIL
South Delta	72.52	75.27	NIL
East TX-OK	69.75	71.50	6123
West Texas	69.75	71.50	6400
Desert SW	68.77	74.77	NIL
SJ Valley	70.02	79.92	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 28-November-2016
(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6300	135	6435
Equivalent	40 Kgs	6752	145	6897

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