

## Domestic Fundamentals:

**Market Outlook:** Cotton spot markets noticed mixed tone on Wednesday.

**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 1.842 lakh bales of cotton last week (21 -26 November 2016), which was 1.812 lakh bales previous to last week (14 -20 November 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (21 -26 November, 2016) was China. According to the data released by IBIS and compiled by Agriwatch, China imported 1.201 lakh bales of cotton from India in the past week (21 -26 November, 2016). Other major importers were Bangladesh, Vietnam, Indonesia and Pakistan and their imported volumes were 0.416, 0.098, 0.091 and 0.015 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	917	920	912.5	917.50	986	-415	11140	161
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	146.50	-	-
May-17	-	-	-

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

\*Updated at 5:07 pm as on 30 –Nov 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-16	-170	19100	19180	18900	19030	161	-62	58	-124
Dec-16	-120	19060	19100	19000	19050	780	475	4400	-41

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Nov-16		-20		-	-	-
Dec-16			-	-	-	-
	—			-	-	-

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

\* Updated at 5:07 pm as on 30 –Nov 2016

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

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	30-Nov-16	29-Nov-16	
Gujarat	Ahmedabad	Shankar-6	5250	5300	-50
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	5320	5280	40
	Patan	B.T. Cotton	5185	5225	-40
	Kadi	B.T. Cotton	5300	5250	50
	Deesa	B.T. Cotton	4800	4775	25
	Dhrol	B.T. Cotton	5290	5340	-50
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5350	5300	50
	Bhiwani	Desi	4500	4400	100
	Adampur	B.T. Cotton	5230	5150	80
	Fatehabad	B.T. Cotton	5265	5300	-35
	Jind	B.T. Cotton	5285	5350	-65
	Uchana	B.T. Cotton	5320	NA	-
	Dabwali	B.T. Cotton	5125	5135	-10
Rajasthan	Hanumangarh	B.T. Cotton	5250	5225	25
	Rawatsar	B.T. Cotton	5230	5135	95
Madhya Pradesh	Khandwa	Mech-1	5160	Closed	-
	Khargaon	Mech-1	5200	5185	15
Maharashtra	Amravati	Mech-1	5050	5050	Unch
	Jamner	Medium Staple	NA	4605	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4920	4890	30
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	6165	5300	865
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	30-Nov-16	29-Nov-16	
Punjab	Bhatinda	J-34	4155	4180	-25

	Abohar	J-34	4150	4170	<b>-20</b>
	Mansa	J-34	4100	4180	<b>-80</b>
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
<b>Haryana</b>	Sirsa	J-34	4050	4075	<b>-25</b>
<b>Rajasthan</b>	Sri-Ganganagar	J-34	3798	3826	<b>-28</b>

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	30-Nov-16	29-Nov-16	
<b>Gujarat</b>	Ahmedabad	Shankar-6	37400	34000	<b>3400</b>
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	5400	5600	<b>-200</b>
	Patan	B.T. Cotton	6951	34191	<b>-27240</b>
	Kadi	B.T. Cotton	30000	30000	<b>Unch</b>
	Deesa	B.T. Cotton	2125	1500	<b>625</b>
	Dhrol	B.T. Cotton	647	454	<b>193</b>
<b>Punjab</b>	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
<b>Haryana</b>	Bhiwani	B.T. Cotton	1000	1000	<b>Unch</b>
	Bhiwani	Desi	500	1000	<b>-500</b>
	Adampur	B.T. Cotton	1360	1190	<b>170</b>
	Fatehabad	B.T. Cotton	1000	900	<b>100</b>
	Jind	B.T. Cotton	126	105	<b>20</b>
	Uchana	B.T. Cotton	1890	NA	-
	Dabwali	B.T. Cotton	2300	1650	<b>650</b>
<b>Rajasthan</b>	Hanumangarh	B.T. Cotton	3000	1000	<b>2000</b>
	Rawatsar	B.T. Cotton	1200	1600	<b>-400</b>
<b>Madhya Pradesh</b>	Khandwa	Mech-1	1375	Closed	-
	Khargaon	Mech-1	8450	5900	<b>2550</b>
<b>Maharashtra</b>	Amravati	Mech-1	600	590	<b>10</b>
	Jamner	Medium Staple	NA	175	-
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
<b>Telangana</b>	Adilabad	Un-Ginned	6883	NA	-
<b>Andhra Pradesh</b>	Guntur	Un-Ginned	NA	30	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
<b>Karnataka</b>	Bijapur	Bunny	930	1510	<b>-580</b>
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	30-Nov-16	29-Nov-16	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	850	850	Unch
	Mansa	J-34	510	765	-255
Haryana	Sirsa	J-34	1360	1700	-340
Rajasthan	Sri-Ganganagar	J-34	1000	200	800

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				29-Nov-16	28-Nov-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	26800	26800	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	27800	27800	Unch
J-34(202)	26mm	3.5 - 4.9	23	38500	38100	400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38500	38700	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	39100	39100	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39800	40000	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40600	40800	-200
DCH-32(107)	34mm	3.0 - 3.8	33	54500	54000	500

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

Centre	Unit	Price		Change
		30-Nov-16	29-Nov-16	
Rajkot	Rs. /10 Kg.	690	690	Unch
New Delhi	Rs. /10 Kg.	670	670	Unch
Hyderabad	Rs. /10 Kg.	660	660	Unch
Mumbai	Rs. /10 Kg.	690	690	Unch

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

Centre	Unit	Price		Change
		30-Nov-16	29-Nov-16	
Mahesana (Kadi)	Rs./Qtl	1954	1975	-21
Akola	Rs./Qtl	1963	1972	-9

**INTERNATIONAL PRICES AND INDICES**

<u><b>China Cotton Index: As on 30-November-2016</b></u>		
<b>Index</b>	<b>RMB/Ton</b>	<b>Change</b>
CCIndex(328)	15999	<b>-20</b>
CCIndex(527)	14905	<b>-5</b>
CCIndex(229)	16301	<b>-27</b>
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u><b>China Foreign Cotton (FCE) Index : As on 30-November-2016</b></u>		
<b>Index</b>	<b>Cents/lb</b>	<b>Change</b>
FC Index (S)	83.74	<b>-0.61</b>
FC Index (M)	80.77	<b>-0.50</b>
FC Index (L)	78.69	<b>-0.74</b>

<u><b>Cotlook Index: As on 29-November-2016</b></u>		
<b>Cotlook Indices</b>	<b>Cents/Pound</b>	<b>Change</b>
A-Index	80.50	<b>0.70</b>

<u><b>USDA Cotton Spot Rates: As on 29-November-2016</b></u>			
<b>Growth Area</b>	<b>Leaf 4 to Staple 34</b>	<b>Leaf 3 to Staple 35</b>	<b>Arrivals</b>
	<b>cents/lb.</b>		<b>Bales</b>
<b>Southeast</b>	72.80	75.55	<b>650</b>
<b>North Delta</b>	71.80	74.55	<b>NIL</b>
<b>South Delta</b>	71.80	74.55	<b>NIL</b>
<b>East TX-OK</b>	69.00	70.75	<b>4945</b>
<b>West Texas</b>	69.00	70.75	<b>7769</b>
<b>Desert SW</b>	68.05	74.05	<b>NIL</b>
<b>SJ Valley</b>	69.30	79.20	<b>NIL</b>

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 29-November-2016**

Contract	Open	High	Low	Close	Change
<b>Dec-16</b>	73.50	73.50	72.25	72.38	<b>-0.89</b>
<b>Mar-17</b>	72.10	72.10	70.87	71.30	<b>-0.72</b>
<b>May-17</b>	72.24	72.52	71.44	71.75	<b>-0.77</b>
<b>Jul-17</b>	72.27	72.40	71.55	71.75	<b>-0.81</b>
<b>Oct-17</b>	70.94	70.94	70.94	70.94	<b>-0.77</b>
<b>Dec-17</b>	69.75	70.11	69.55	69.67	<b>-0.75</b>

**Pakistan Cotton Spot rates: As on 29-November-2016**
**(in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
<b>Cotton</b>	37.32 Kgs	6250	135	6385
<b>Equivalent</b>	40 Kgs	6698	145	6843

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