

Domestic Fundamentals:

Market Outlook: Cotton spot markets noticed range –bound to weak tone 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 1.842 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.

Government in Ivory Coast has increased mandated-price for farmers by 6 per cent for the 2016 -17 season in order to motivate the farmers to grow more cotton. Ivorian farmers will be paid 265 CFA francs/kg (\$0.44) compared to 250 CFA francs/kg during the previous season.

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	+3.00	920	926	917.5	922.50	1165	179	11278	138
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	127.50	-	-
May-17	-	-	-

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

*Updated at 5:52 pm as on 01 –Dec 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-16	-130	19100	19200	19040	19160	802	-641	58	0
Jan-17	200	19220	19300	19120	19260	540	240	5504	1104

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Dec-16		-100		-	-	-
Jan-17			-	-	-	-
	—			-	-	-

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

* Updated at 5:52 pm as on 01 –Dec 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	1-Dec-16	30-Nov-16	
Gujarat	Ahmedabad	Shankar-6	5250	5250	Unch
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	5250	5320	-70
	Patan	B.T. Cotton	5180	5185	-5
	Kadi	B.T. Cotton	5250	5300	-50
	Deesa	B.T. Cotton	4825	4800	25
	Dhrol	B.T. Cotton	5275	5290	-15
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5300	5350	-50
	Bhiwani	Desi	4400	4500	-100
	Adampur	B.T. Cotton	5250	5230	20
	Fatehabad	B.T. Cotton	5300	5265	35
	Jind	B.T. Cotton	5270	5285	-15
	Uchana	B.T. Cotton	5250	5320	-70
	Dabwali	B.T. Cotton	5125	5125	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5225	5250	-25
	Rawatsar	B.T. Cotton	5220	5230	-10
Madhya Pradesh	Khandwa	Mech-1	5180	5160	20
	Khargaon	Mech-1	5200	5200	Unch
Maharashtra	Amravati	Mech-1	5050	5050	Unch
	Jamner	Medium Staple	4820	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4930	4920	10
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	5300	6165	-865
	Hubli	D.C.H.	NA	5549	-
	Hubli	B.T. Cotton	NA	6600	-
	Raichur	H-44 Cotton	NA	5300	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	1-Dec-16	30-Nov-16	
Punjab	Bhatinda	J-34	4125	4155	-30

	Abohar	J-34	4160	4150	10
	Mansa	J-34	4150	4100	50
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4060	4050	10
Rajasthan	Sri-Ganganagar	J-34	3807	3798	9

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	1-Dec-16	30-Nov-16	
Gujarat	Ahmedabad	Shankar-6	34000	37400	-3400
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	5000	5400	-400
	Patan	B.T. Cotton	41146	6951	34195
	Kadi	B.T. Cotton	50000	30000	20000
	Deesa	B.T. Cotton	1500	2125	-625
	Dhrol	B.T. Cotton	727	647	80
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1500	1000	500
	Bhiwani	Desi	500	500	Unch
	Adampur	B.T. Cotton	1360	1360	Unch
	Fatehabad	B.T. Cotton	800	1000	-200
	Jind	B.T. Cotton	85	126	-41
	Uchana	B.T. Cotton	1915	1890	25
	Dabwali	B.T. Cotton	1950	2300	-350
Rajasthan	Hanumangarh	B.T. Cotton	3000	3000	Unch
	Rawatsar	B.T. Cotton	1700	1200	500
Madhya Pradesh	Khandwa	Mech-1	2500	1375	1125
	Khargaon	Mech-1	8310	8450	-140
Maharashtra	Amravati	Mech-1	1125	600	525
	Jamner	Medium Staple	220	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	12588	6883	5705
Andhra Pradesh	Guntur	Un-Ginned	40	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	890	930	-40
	Hubli	D.C.H.	NA	222	-

	Hubli	B.T. Cotton	NA	50	-
	Raichur	H-44 Cotton	NA	1972	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	1-Dec-16	30-Nov-16	
Punjab	Bhatinda	J-34	4250	5100	-850
	Abohar	J-34	850	850	Unch
	Mansa	J-34	1020	510	510
Haryana	Sirsa	J-34	1700	1360	340
Rajasthan	Sri-Ganganagar	J-34	1500	1000	500

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				30-Nov-16	29-Nov-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	26900	26800	100
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	27900	27800	100
J-34(202)	26mm	3.5 - 4.9	23	38400	38500	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38400	38500	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	39000	39100	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39700	39800	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40500	40600	-100
DCH-32(107)	34mm	3.0 - 3.8	33	54500	54500	Unch

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

Centre	Unit	Price		Change
		1-Dec-16	30-Nov-16	
Rajkot	Rs. /10 Kg.	700	690	10
New Delhi	Rs. /10 Kg.	680	670	10
Hyderabad	Rs. /10 Kg.	675	660	15
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
		1-Dec-16	30-Nov-16	
Mahesana (Kadi)	Rs./Qtl	1957	1954	3
Akola	Rs./Qtl	1950	1963	-13

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 01-December-2016</u>		
Index	RMB/Ton	Change
CCIndex(328)	15969	-30
CCIndex(527)	14900	-5
CCIndex(229)	16291	-10
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 01-December-2016</u>		
Index	Cents/lb	Change
FC Index (S)	83.95	0.21
FC Index (M)	80.93	0.16
FC Index (L)	78.96	0.27

<u>Cotlook Index: As on 30-November-2016</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	79.80	-0.70

<u>USDA Cotton Spot Rates: As on 30-November-2016</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	73.08	75.83	1326
North Delta	72.08	74.83	NIL
South Delta	72.08	74.83	NIL
East TX-OK	69.25	71.00	1929
West Texas	69.25	71.00	5400
Desert SW	68.33	74.33	NIL
SJ Valley	69.58	79.48	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 30-November-2016

Contract	Open	High	Low	Close	Change
Dec-16	72.62	72.62	72.14	72.46	0.08
Mar-17	71.30	71.70	70.60	71.58	0.28
May-17	71.84	72.19	71.12	72.06	0.31
Jul-17	71.50	72.15	71.29	71.98	0.23
Oct-17	70.20	70.92	70.20	70.92	-0.02
Dec-17	69.55	70.12	69.25	69.90	0.23

Pakistan Cotton Spot rates: As on 30-November-2016
(in Pakistan Rupees)

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

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