

Domestic Fundamentals:

Market Outlook: Cotton spot markets witnessed range –bound to firm tone on Monday.

In The News: Rains affected BT cotton crop grown in about 32,000 hectares in Tiruchi and Perambalur districts. It is only the north-east monsoon which brings an assured irrigation facility in the rain-fed regions like M.R. Palayam and surrounding areas in Tiruchi district and Veppanthattai and nearby villages in Perambalur district. Tiruchi district accounts for 8,000 hectares under cotton cultivation.

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	+13.50	922	936	922	932	1887	1167	10999	-165
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	129	-	-
May-17	-	-	-

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

*Updated at 5:01 pm as on 05 –Dec 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-16	+50	19050	19170	19050	19080	591	-430	4157	4099
Jan-17	+70	19190	19250	19170	19190	459	81	5394	-78

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Dec-16		-110		-	-	-
Jan-17			-	-	-	-
	—			-	-	-

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

* Updated at 5:01 pm as on 05 –Dec 2016

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	5-Dec-16	3-Dec-16	
Gujarat	Ahmedabad	Shankar-6	5300	5250	50
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	5305	5290	15
	Patan	B.T. Cotton	5250	5175	75
	Kadi	B.T. Cotton	5400	5250	150
	Deesa	B.T. Cotton	4760	4790	-30
	Dhrol	B.T. Cotton	5235	5255	-20
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5400	5300	100
	Bhiwani	Desi	4400	4300	100
	Adampur	B.T. Cotton	5200	5170	30
	Fatehabad	B.T. Cotton	5275	5260	15
	Jind	B.T. Cotton	5350	5370	-20
	Uchana	B.T. Cotton	NA	5257	-
	Dabwali	B.T. Cotton	5120	5100	20
Rajasthan	Hanumangarh	B.T. Cotton	5250	5290	-40
	Rawatsar	B.T. Cotton	5190	5180	10
Madhya Pradesh	Khandwa	Mech-1	NR	Closed	-
	Khargaon	Mech-1	5175	5185	-10
Maharashtra	Amravati	Mech-1	5140	5100	40
	Jamner	Medium Staple	4835	4827	8
Uttar Pradesh	Hathras	B.T. Cotton	4500	NA	-
	Hathras	Desi	4500	NA	-
Telangana	Adilabad	Un-Ginned	5010	4970	40
Andhra Pradesh	Guntur	Un-Ginned	4100	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	4800	-
	East Godavari	Un-Ginned	4160	4160	Unch
Karnataka	Bijapur	Bunny	5230	5349	-119
	Hubli	D.C.H.	NA	5515	-
	Hubli	B.T. Cotton	NA	6719	-
	Raichur	H-44 Cotton	NA	5350	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	5-Dec-16	3-Dec-16	

Punjab	Bhatinda	J-34	4190	4180	10
	Abohar	J-34	4185	4180	5
	Mansa	J-34	4190	4180	10
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4105	4090	15
Rajasthan	Sri-Ganganagar	J-34	3835	3798	38

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	5-Dec-16	3-Dec-16	
Gujarat	Ahmedabad	Shankar-6	40800	40800	Unch
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	5780	5050	730
	Patan	B.T. Cotton	6775	40655	-33880
	Kadi	B.T. Cotton	30000	45000	-15000
	Deesa	B.T. Cotton	1475	950	525
	Dhrol	B.T. Cotton	575	697	-122
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4000	1000	3000
	Bhiwani	Desi	50	400	-350
	Adampur	B.T. Cotton	1530	1360	170
	Fatehabad	B.T. Cotton	1600	800	800
	Jind	B.T. Cotton	125	230	-105
	Uchana	B.T. Cotton	NA	2040	-
	Dabwali	B.T. Cotton	3750	1700	2050
Rajasthan	Hanumangarh	B.T. Cotton	5000	6000	-1000
	Rawatsar	B.T. Cotton	3600	1000	2600
Madhya Pradesh	Khandwa	Mech-1	NR	Closed	-
	Khargaon	Mech-1	8450	7050	1400
Maharashtra	Amravati	Mech-1	1743	1900	-157
	Jamner	Medium Staple	159	170	-11
Uttar Pradesh	Hathras	B.T. Cotton	85	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	17629	17549	80
Andhra Pradesh	Guntur	Un-Ginned	220	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	1100	1480	-380

	Hubli	D.C.H.	NA	282	-
	Hubli	B.T. Cotton	NA	174	-
	Raichur	H-44 Cotton	NA	1807	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	5-Dec-16	3-Dec-16	
Punjab	Bhatinda	J-34	6800	5950	850
	Abohar	J-34	680	850	-170
	Mansa	J-34	1020	850	170
Haryana	Sirsa	J-34	3400	2550	850
Rajasthan	Sri-Ganganagar	J-34	1500	1500	Unch

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				3-Dec-16	2-Dec-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	27300	27100	200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	28300	28100	200
J-34(202)	26mm	3.5 - 4.9	23	38600	38400	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38600	38600	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	39200	39200	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39400	39900	-500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40700	40700	Unch
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
		5-Dec-16	3-Dec-16	
Rajkot	Rs. /10 Kg.	710	710	Unch
New Delhi	Rs. /10 Kg.	690	690	Unch
Hyderabad	Rs. /10 Kg.	705	705	Unch
Mumbai	Rs. /10 Kg.	700	695	5

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

Centre	Unit	Price		Change
		5-Dec-16	3-Dec-16	
Mahesana (Kadi)	Rs./Qtl	1986	1953	33
Akola	Rs./Qtl	1971	1950	21

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 05-December-2016</u>		
Index	RMB/Ton	Change
CCIndex(328)	15947	-2
CCIndex(527)	14900	Unch
CCIndex(229)	16277	-2
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 02-December-2016</u>		
Index	Cents/lb	Change
FC Index (S)	83.33	-0.62
FC Index (M)	80.11	-0.82
FC Index (L)	78.39	-0.57

<u>Cotlook Index: As on 02-December-2016</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	79.30	-0.75

<u>USDA Cotton Spot Rates: As on 02-December-2016</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	72.54	74.79	NIL
North Delta	71.54	73.79	NIL
South Delta	71.54	73.79	NIL
East TX-OK	69.00	70.75	433
West Texas	69.00	70.75	2072
Desert SW	67.79	73.79	38
SJ Valley	69.04	78.94	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.): As on 02-December-2016

Contract	Open	High	Low	Close	Change
Dec-16	71.60	72.50	71.29	71.98	0.18
Mar-17	70.57	71.85	70.05	71.04	0.14
May-17	71.21	72.19	70.55	71.53	0.19
Jul-17	71.15	72.02	70.60	71.54	0.25
Oct-17	71.06	71.06	71.06	71.06	0.41
Dec-17	69.50	70.08	69.01	69.93	0.43

Pakistan Cotton Spot rates: As on 02-December-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

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.