

Domestic Fundamentals:

Market Outlook: Cotton spot markets noticed mixed tone on Tuesday.

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:

According to International Cotton Advisory Committee, December 2016 estimates, world cotton production is projected to rise by 7% to 22.5 million tons. Although India's cotton area contracted by 8% to just under 11 million hectares, production is unchanged from 2015/16 at 5.8 million tons. The average yield increased by 9% to 526 kg/ha. Output in China shrank by 4% to 4.6 million tons while production in the United States rose by 24% to 3.5 million tons. Pakistan's cotton production increased by 24% to 1.9 million tons in 2016/17. Brazil's cotton production is forecast to increase by 8% to 1.4 million tons.

According to the Pakistan Cotton Ginner's Association, ginneries in Pakistan have received 9.778 million bales of cotton by December 01, 2016 compared to the total arrival of 9.768 million 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	-5.50	929	932	926	927	990	-897	10983	-16
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	140	-	-
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 06 –Dec 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-16	-100	19040	19060	18940	18960	734	-573	4180	4122
Jan-17	-100	19110	19180	19050	19070	470	70	5261	-211

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

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

* Updated at 5:52 pm as on 06 –Dec 2016

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	6-Dec-16	5-Dec-16	
Gujarat	Ahmedabad	Shankar-6	5250	5300	-50
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	5335	5305	30
	Patan	B.T. Cotton	NA	5250	-
	Kadi	B.T. Cotton	5350	5400	-50
	Deesa	B.T. Cotton	NR	4760	-
	Dhrol	B.T. Cotton	5235	5235	Unch
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5400	5400	Unch
	Bhiwani	Desi	4300	4400	-100
	Adampur	B.T. Cotton	5210	5200	10
	Fatehabad	B.T. Cotton	5270	5275	-5
	Jind	B.T. Cotton	5320	5350	-30
	Uchana	B.T. Cotton	5200	NA	-
	Dabwali	B.T. Cotton	5110	5120	-10
Rajasthan	Hanumangarh	B.T. Cotton	5225	5250	-25
	Rawatsar	B.T. Cotton	5170	5190	-20
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	NR	5175	-
Maharashtra	Amravati	Mech-1	5125	5140	-15
	Jamner	Medium Staple	4819	4835	-16
Uttar Pradesh	Hathras	B.T. Cotton	4900	4500	400
	Hathras	Desi	4500	4500	Unch
Telangana	Adilabad	Un-Ginned	5060	5010	50
Andhra Pradesh	Guntur	Un-Ginned	4200	4100	100
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4160	4160	Unch
Karnataka	Bijapur	Bunny	5359	5230	129
	Hubli	D.C.H.	NA	5589	-
	Hubli	B.T. Cotton	NA	6739	-
	Raichur	H-44 Cotton	NA	5300	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	6-Dec-16	5-Dec-16	

Punjab	Bhatinda	J-34	4185	4190	-5
	Abohar	J-34	4190	4185	5
	Mansa	J-34	4180	4190	-10
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4090	4105	-15
Rajasthan	Sri-Ganganagar	J-34	3807	3835	-28

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	6-Dec-16	5-Dec-16	
Gujarat	Ahmedabad	Shankar-6	42500	40800	1700
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	5375	5780	-405
	Patan	B.T. Cotton	NA	6775	-
	Kadi	B.T. Cotton	35000	30000	5000
	Deesa	B.T. Cotton	NR	1475	-
	Dhrol	B.T. Cotton	735.5	575	160.5
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5000	4000	1000
	Bhiwani	Desi	50	50	Unch
	Adampur	B.T. Cotton	1530	1530	Unch
	Fatehabad	B.T. Cotton	1600	1600	Unch
	Jind	B.T. Cotton	170	125	45
	Uchana	B.T. Cotton	1200	NA	-
	Dabwali	B.T. Cotton	1800	3750	-1950
Rajasthan	Hanumangarh	B.T. Cotton	4000	5000	-1000
	Rawatsar	B.T. Cotton	3000	3600	-600
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	NR	8450	-
Maharashtra	Amravati	Mech-1	1570	1743	-173
	Jamner	Medium Staple	31	159	-128
Uttar Pradesh	Hathras	B.T. Cotton	20	85	-65
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	22080	17629	4451
Andhra Pradesh	Guntur	Un-Ginned	400	220	180
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	2210	1100	1110

	Hubli	D.C.H.	NA	152	-
	Hubli	B.T. Cotton	NA	334	-
	Raichur	H-44 Cotton	NA	2182	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	6-Dec-16	5-Dec-16	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	850	680	170
	Mansa	J-34	850	1020	-170
Haryana	Sirsa	J-34	3400	3400	Unch
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
				5-Dec-16	3-Dec-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	27300	27300	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	28300	28300	Unch
J-34(202)	26mm	3.5 - 4.9	23	38500	38600	-100
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	39900	39400	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
		6-Dec-16	5-Dec-16	
Rajkot	Rs. /10 Kg.	715	710	5
New Delhi	Rs. /10 Kg.	690	690	Unch
Hyderabad	Rs. /10 Kg.	705	705	Unch
Mumbai	Rs. /10 Kg.	708	700	8

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

Centre	Unit	Price		Change
		6-Dec-16	5-Dec-16	
Mahesana (Kadi)	Rs./Qtl	1981	1986	-5
Akola	Rs./Qtl	1973	1971	2

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 06-December-2016</u>		
Index	RMB/Ton	Change
CCIndex(328)	15945	-2
CCIndex(527)	14899	-1
CCIndex(229)	16277	Unch
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 06-December-2016</u>		
Index	Cents/lb	Change
FC Index (S)	83.60	0.14
FC Index (M)	80.34	0.18
FC Index (L)	78.77	0.33

<u>Cotlook Index: As on 05-December-2016</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	79.55	0.25

<u>USDA Cotton Spot Rates: As on 05-December-2016</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	72.51	74.76	NIL
North Delta	71.51	73.76	130
South Delta	71.51	73.76	NIL
East TX-OK	69.00	70.75	561
West Texas	69.00	70.75	434
Desert SW	67.76	73.76	NIL
SJ Valley	69.01	78.91	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 05-December-2016

Contract	Open	High	Low	Close	Change
Dec-16	72.50	72.50	72.31	72.31	0.33
Mar-17	71.12	71.75	70.80	71.01	-0.03
May-17	71.75	72.22	71.24	71.44	-0.09
Jul-17	71.66	72.21	71.35	71.48	-0.06
Oct-17	70.79	70.79	70.79	70.79	-0.27
Dec-17	70.03	70.28	69.50	69.60	-0.33

Pakistan Cotton Spot rates: As on 05-December-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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