

Domestic Fundamentals:

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

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	-11.00	926	926	916	916.50	1594	604	11058	75
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	150.50	-	-
May-17	-	-	-

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

*Updated at 5:01 pm as on 07 –Dec 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-16	-110	18900	18900	18770	18820	987	-253	4067	-113
Jan-17	-110	19040	19040	18900	18950	670	-200	5251	-10

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Dec-16		-130		-	-	-
Jan-17			-	-	-	-
	—			-	-	-

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

* Updated at 5:01 pm as on 07 –Dec 2016

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	7-Dec-16	6-Dec-16	
Gujarat	Ahmedabad	Shankar-6	5250	5250	Unch
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	5335	5335	Unch
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5300	5350	-50
	Deesa	B.T. Cotton	4770	NR	-
	Dhrol	B.T. Cotton	5250	5235	15
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5300	5400	-100
	Bhiwani	Desi	4300	4300	Unch
	Adampur	B.T. Cotton	5125	5210	-85
	Fatehabad	B.T. Cotton	5225	5270	-45
	Jind	B.T. Cotton	5349	5320	29
	Uchana	B.T. Cotton	5300	5200	100
	Dabwali	B.T. Cotton	5110	5110	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5250	5225	25
	Rawatsar	B.T. Cotton	5100	5170	-70
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	NR	5165	-
Maharashtra	Amravati	Mech-1	5100	5125	-25
	Jamner	Medium Staple	4722	4819	-97
Uttar Pradesh	Hathras	B.T. Cotton	4900	4900	Unch
	Hathras	Desi	4500	4500	Unch
Telangana	Adilabad	Un-Ginned	5030	5060	-30
Andhra Pradesh	Guntur	Un-Ginned	NA	4200	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4160	4160	Unch
Karnataka	Bijapur	Bunny	5359	5359	Unch
	Hubli	D.C.H.	NA	5599	-
	Hubli	B.T. Cotton	NA	6761	-
	Raichur	H-44 Cotton	NA	5350	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	7-Dec-16	6-Dec-16	

Punjab	Bhatinda	J-34	4130	4185	-55
	Abohar	J-34	4130	4190	-60
	Mansa	J-34	4125	4180	-55
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4050	4090	-40
Rajasthan	Sri-Ganganagar	J-34	3854	3807	47

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	7-Dec-16	6-Dec-16	
Gujarat	Ahmedabad	Shankar-6	42500	42500	Unch
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	5250	5375	-125
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	60000	35000	25000
	Deesa	B.T. Cotton	2505	NR	-
	Dhrol	B.T. Cotton	637	735.5	-98.5
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	3000	5000	-2000
	Bhiwani	Desi	50	50	Unch
	Adampur	B.T. Cotton	1190	1530	-340
	Fatehabad	B.T. Cotton	2000	1600	400
	Jind	B.T. Cotton	102	170	-68
	Uchana	B.T. Cotton	1000	1200	-200
	Dabwali	B.T. Cotton	2600	1800	800
Rajasthan	Hanumangarh	B.T. Cotton	4500	4000	500
	Rawatsar	B.T. Cotton	1000	3000	-2000
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	NR	9810	-
Maharashtra	Amravati	Mech-1	2190	1570	620
	Jamner	Medium Staple	176	31	145
Uttar Pradesh	Hathras	B.T. Cotton	20	20	Unch
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	23065	22080	985
Andhra Pradesh	Guntur	Un-Ginned	NA	400	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	1450	2210	-760

	Hubli	D.C.H.	NA	104	-
	Hubli	B.T. Cotton	NA	120	-
	Raichur	H-44 Cotton	NA	1852	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	7-Dec-16	6-Dec-16	
Punjab	Bhatinda	J-34	8500	6800	1700
	Abohar	J-34	1360	850	510
	Mansa	J-34	1020	850	170
Haryana	Sirsa	J-34	3740	3400	340
Rajasthan	Sri-Ganganagar	J-34	4000	1500	2500

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				6-Dec-16	4-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	28100	28300	-200
J-34(202)	26mm	3.5 - 4.9	23	38300	38500	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38500	38600	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	39100	39200	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39800	39900	-100
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
		7-Dec-16	6-Dec-16	
Rajkot	Rs. /10 Kg.	725	715	10
New Delhi	Rs. /10 Kg.	675	690	-15
Hyderabad	Rs. /10 Kg.	695	705	-10
Mumbai	Rs. /10 Kg.	708	708	Unch

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

Centre	Unit	Price		Change
		7-Dec-16	6-Dec-16	
Mahesana (Kadi)	Rs./Qtl	1955	1981	-26
Akola	Rs./Qtl	1955	1973	-18

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 07-December-2016</u>		
Index	RMB/Ton	Change
CCIndex(328)	15909	-36
CCIndex(527)	14896	-3
CCIndex(229)	16258	-19
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 07-December-2016</u>		
Index	Cents/lb	Change
FC Index (S)	83.87	0.27
FC Index (M)	80.53	0.19
FC Index (L)	79.00	0.23

<u>Cotlook Index: As on 06-December-2016</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	79.55	Unch

<u>USDA Cotton Spot Rates: As on 06-December-2016</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	72.83	75.08	144
North Delta	71.83	74.08	NIL
South Delta	71.83	74.08	NIL
East TX-OK	69.50	71.25	13371
West Texas	69.50	71.25	8576
Desert SW	68.08	74.08	NIL
SJ Valley	69.33	79.23	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 06-December-2016

Contract	Open	High	Low	Close	Change
Dec-16	72.47	72.5	71.73	72.39	0.08
Mar-17	71.01	71.69	70.85	71.33	0.32
May-17	71.43	72.08	71.34	71.76	0.32
Jul-17	71.36	72.13	71.36	71.8	0.32
Oct-17	71.13	71.13	71.13	71.13	0.34
Dec-17	69.48	70.35	69.48	69.96	0.36

Pakistan Cotton Spot rates: As on 06-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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