

Domestic Fundamentals:

Market Outlook: Cotton spot markets noticed weak tone on Thursday.

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 08-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 08-Dec 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	8-Dec-16	7-Dec-16	
Gujarat	Ahmedabad	Shankar-6	5200	5250	-50
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	NR	5335	-
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5300	5300	Unch
	Deesa	B.T. Cotton	NR	4770	-
	Dhrol	B.T. Cotton	5230	5250	-20
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	NR	5300	-
	Bhiwani	Desi	NR	4300	-
	Adampur	B.T. Cotton	5125	5125	Unch
	Fatehabad	B.T. Cotton	5180	5225	-45
	Jind	B.T. Cotton	5235	5349	-114
	Uchana	B.T. Cotton	5125	5300	-175
	Dabwali	B.T. Cotton	5115	5110	5
Rajasthan	Hanumangarh	B.T. Cotton	5200	5250	-50
	Rawatsar	B.T. Cotton	5060	5100	-40
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	NR	5155	-
Maharashtra	Amravati	Mech-1	5100	5100	Unch
	Jamner	Medium Staple	NR	4722	-
Uttar Pradesh	Hathras	B.T. Cotton	3700	4900	-1200
	Hathras	Desi	4900	4500	400
Telangana	Adilabad	Un-Ginned	5000	5030	-30
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4160	4160	Unch
Karnataka	Bijapur	Bunny	5366	5359	7
	Hubli	D.C.H.	NR	5589	-
	Hubli	B.T. Cotton	NR	6760	-
	Raichur	H-44 Cotton	NR	5300	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	8-Dec-16	7-Dec-16	

Punjab	Bhatinda	J-34	4100	4130	-30
	Abohar	J-34	4100	4130	-30
	Mansa	J-34	4120	4125	-5
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4020	4050	-30
Rajasthan	Sri-Ganganagar	J-34	3760	3854	-94

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	8-Dec-16	7-Dec-16	
Gujarat	Ahmedabad	Shankar-6	51000	42500	8500
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	NR	5250	-
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	65000	60000	5000
	Deesa	B.T. Cotton	NR	2505	-
	Dhrol	B.T. Cotton	499	637	-138
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	NR	3000	-
	Bhiwani	Desi	NR	50	-
	Adampur	B.T. Cotton	1530	1190	340
	Fatehabad	B.T. Cotton	1400	2000	-600
	Jind	B.T. Cotton	145	102	43
	Uchana	B.T. Cotton	1000	1000	Unch
	Dabwali	B.T. Cotton	1800	2600	-800
Rajasthan	Hanumangarh	B.T. Cotton	4000	4500	-500
	Rawatsar	B.T. Cotton	1000	1000	Unch
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	NR	9970	-
Maharashtra	Amravati	Mech-1	2010	2190	-180
	Jamner	Medium Staple	NR	176	-
Uttar Pradesh	Hathras	B.T. Cotton	50	20	30
	Hathras	Desi	12	NA	-
Telangana	Adilabad	Un-Ginned	25354	23065	2289
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	1700	1450	250

	Hubli	D.C.H.	NR	162	-
	Hubli	B.T. Cotton	NR	130	-
	Raichur	H-44 Cotton	NR	2505	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	8-Dec-16	7-Dec-16	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	1190	1360	-170
	Mansa	J-34	850	1020	-170
Haryana	Sirsa	J-34	2550	3740	-1190
Rajasthan	Sri-Ganganagar	J-34	500	4000	-3500

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				7-Dec-16	5-Dec-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	27000	27300	-300
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	27900	28300	-400
J-34(202)	26mm	3.5 - 4.9	23	38000	38500	-500
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38200	38600	-400
Shankar-6(105)	29mm	3.5 - 4.9	28	38900	39200	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39500	39900	-400
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40500	40700	-200
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
		8-Dec-16	7-Dec-16	
Rajkot	Rs. /10 Kg.	710	725	-15
New Delhi	Rs. /10 Kg.	695	675	20
Hyderabad	Rs. /10 Kg.	695	695	Unch
Mumbai	Rs. /10 Kg.	700	708	-8

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

Centre	Unit	Price		Change
		8-Dec-16	7-Dec-16	
Mahesana (Kadi)	Rs./Qtl	1943	1955	-12
Akola	Rs./Qtl	1944	1955	-11

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 08-December-2016</u>		
Index	Cents/lb	Change
FC Index (S)	83.59	-0.28
FC Index (M)	80.25	-0.28
FC Index (L)	78.75	-0.25

<u>Cotlook Index: As on 07-December-2016</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	79.80	0.25

<u>USDA Cotton Spot Rates: As on 07-December-2016</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	72.55	74.80	3520
North Delta	71.55	73.80	NIL
South Delta	71.55	73.80	NIL
East TX-OK	69.50	71.25	3351
West Texas	69.50	71.25	8719
Desert SW	67.80	73.80	NIL
SJ Valley	69.05	78.95	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 07-December-2016					
Contract	Open	High	Low	Close	Change
Dec-16	72.11	72.11	72.11	72.11	-0.28
Mar-17	71.32	71.50	70.45	71.05	-0.28
May-17	71.73	71.89	70.92	71.42	-0.34
Jul-17	71.67	71.89	71.01	71.35	-0.45
Oct-17	70.90	70.90	70.90	70.90	-0.23
Dec-17	69.90	70.03	69.30	69.75	-0.21

Pakistan Cotton Spot rates: As on 07-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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