

Domestic Fundamentals:

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

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	10-Dec-16	9-Dec-16	
Gujarat	Ahmedabad	Shankar-6	5150	5200	-50
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	5245	5270	-25
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5475	5300	175
	Deesa	B.T. Cotton	Closed	NR	-
	Dhrol	B.T. Cotton	5165	NR	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5200	5300	-100
	Bhiwani	Desi	4200	4300	-100
	Adampur	B.T. Cotton	5115	5120	-5
	Fatehabad	B.T. Cotton	5125	5125	Unch
	Jind	B.T. Cotton	5325	5370	-45
	Uchana	B.T. Cotton	5150	5190	-40
	Dabwali	B.T. Cotton	5115	5115	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5200	5200	Unch
	Rawatsar	B.T. Cotton	5100	NR	-
Madhya Pradesh	Khandwa	Mech-1	Closed	NR	-
	Khargaon	Mech-1	Closed	NR	-
Maharashtra	Amravati	Mech-1	5050	5050	Unch
	Jamner	Medium Staple	NR	NR	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	3700	-
	Hathras	Desi	NR	4900	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	4160	-
Karnataka	Bijapur	Bunny	5259	5288	-29
	Hubli	D.C.H.	NR	5619	-
	Hubli	B.T. Cotton	NR	6741	-
	Raichur	H-44 Cotton	NR	5211	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	10-Dec-16	9-Dec-16	
Punjab	Bhatinda	J-34	4095	4120	-25

	Abohar	J-34	4100	4100	Unch
	Mansa	J-34	4090	4105	-15
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4015	4010	5
Rajasthan	Sri-Ganganagar	J-34	NR	3821	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	10-Dec-16	9-Dec-16	
Gujarat	Ahmedabad	Shankar-6	59500	51000	8500
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	4000	5100	-1100
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	55000	60000	-5000
	Deesa	B.T. Cotton	Closed	NR	-
	Dhrol	B.T. Cotton	5755	NR	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	2000	1000	1000
	Bhiwani	Desi	50	50	Unch
	Adampur	B.T. Cotton	1530	1360	170
	Fatehabad	B.T. Cotton	2000	1800	200
	Jind	B.T. Cotton	255	255	Unch
	Uchana	B.T. Cotton	2200	2350	-150
	Dabwali	B.T. Cotton	1500	2000	-500
Rajasthan	Hanumangarh	B.T. Cotton	2500	3500	-1000
	Rawatsar	B.T. Cotton	1500	NR	-
Madhya Pradesh	Khandwa	Mech-1	Closed	NR	-
	Khargaon	Mech-1	Closed	NR	-
Maharashtra	Amravati	Mech-1	2030	2180	-150
	Jamner	Medium Staple	NR	NR	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	50	-
	Hathras	Desi	NR	12	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
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	1770	1920	-150
	Hubli	D.C.H.	NR	57	-

	Hubli	B.T. Cotton	NR	194	-
	Raichur	H-44 Cotton	NR	2332	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	10-Dec-16	9-Dec-16	
Punjab	Bhatinda	J-34	7650	8500	-850
	Abohar	J-34	1020	850	170
	Mansa	J-34	1020	1020	Unch
Haryana	Sirsa	J-34	2720	2550	170
Rajasthan	Sri-Ganganagar	J-34	NR	2500	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				9-Dec-16	7-Dec-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	26200	26700	-500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	27100	27600	-500
J-34(202)	26mm	3.5 - 4.9	23	38000	38000	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38000	38000	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	38700	38700	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39300	39300	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40300	40300	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
		10-Dec-16	9-Dec-16	
Rajkot	Rs. /10 Kg.	695	700	-5
New Delhi	Rs. /10 Kg.	690	690	Unch
Hyderabad	Rs. /10 Kg.	690	695	-5
Mumbai	Rs. /10 Kg.	705	705	Unch

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

Centre	Unit	Price		Change
		10-Dec-16	9-Dec-16	
Mahesana (Kadi)	Rs./Qtl	1953	1941	12
Akola	Rs./Qtl	1944	1945	-1

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 09-December-2016		
Index	RMB/Ton	Change
CCIndex(328)	15905	-2
CCIndex(527)	14893	-3
CCIndex(229)	16256	-1
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 08-December-2016		
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

Cotlook Index: As on 09-December-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	80.05	0.50

USDA Cotton Spot Rates: As on 09-December-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	71.80	74.05	1252
North Delta	71.30	73.55	NIL
South Delta	71.30	73.55	NIL
East TX-OK	68.75	70.25	5439
West Texas	68.75	70.25	6858
Desert SW	67.55	73.55	NIL
SJ Valley	68.80	78.70	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 09-December-2016

Contract	Open	High	Low	Close	Change
Dec-16	71.25	71.81	70.30	70.80	-0.62
Mar-17	71.42	72.09	70.75	71.11	-0.58
May-17	71.32	71.96	70.75	70.99	-0.55
Jul-17	70.49	70.49	70.49	70.49	-0.48
Oct-17	69.65	70.08	68.91	69.35	-0.53
Dec-17	69.00	69.41	69.00	69.41	-0.49

Pakistan Cotton Spot rates: As on 09-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

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