

## Domestic Fundamentals:

**Market Outlook:** Cotton spot markets noticed firm 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	-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	13-Dec-16	12-Dec-16	
Gujarat	Ahmedabad	Shankar-6	5200	5050	150
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	5260	5255	5
	Patan	B.T. Cotton	NA	5170	-
	Kadi	B.T. Cotton	5300	5250	50
	Deesa	B.T. Cotton	NR	NR	-
	Dhrol	B.T. Cotton	5225	5185	40
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5200	5250	-50
	Bhiwani	Desi	4200	4150	50
	Adampur	B.T. Cotton	5110	5110	Unch
	Fatehabad	B.T. Cotton	5150	5100	50
	Jind	B.T. Cotton	5389	5300	89
	Uchana	B.T. Cotton	5219	5135	84
	Dabwali	B.T. Cotton	5075	5050	25
Rajasthan	Hanumangarh	B.T. Cotton	5250	5200	50
	Rawatsar	B.T. Cotton	5035	5100	-65
Madhya Pradesh	Khandwa	Mech-1	5100	Closed	-
	Khargaon	Mech-1	5040	Closed	-
Maharashtra	Amravati	Mech-1	5100	5050	50
	Jamner	Medium Staple	NR	NR	-
Uttar Pradesh	Hathras	B.T. Cotton	3900	3900	Unch
	Hathras	Desi	4800	4800	Unch
Telangana	Adilabad	Un-Ginned	4940	NR	-
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	5221	NR	-
	Hubli	D.C.H.	NR	5515	-
	Hubli	B.T. Cotton	NR	6671	-
	Raichur	H-44 Cotton	NR	5200	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	13-Dec-16	12-Dec-16	
Punjab	Bhatinda	J-34	4115	4085	30

	Abohar	J-34	4110	4080	30
	Mansa	J-34	4110	4085	25
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
<b>Haryana</b>	Sirsa	J-34	4030	4010	20
<b>Rajasthan</b>	Sri-Ganganagar	J-34	NR	NR	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	13-Dec-16	12-Dec-16	
<b>Gujarat</b>	Ahmedabad	Shankar-6	59500	68000	-8500
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	4800	4200	600
	Patan	B.T. Cotton	NA	34684	-
	Kadi	B.T. Cotton	60000	65000	-5000
	Deesa	B.T. Cotton	NR	NR	-
	Dhrol	B.T. Cotton	598	386	212
<b>Punjab</b>	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
<b>Haryana</b>	Bhiwani	B.T. Cotton	2000	1500	500
	Bhiwani	Desi	50	50	Unch
	Adampur	B.T. Cotton	1530	1700	-170
	Fatehabad	B.T. Cotton	1100	1500	-400
	Jind	B.T. Cotton	680	425	255
	Uchana	B.T. Cotton	2000	2520	-520
	Dabwali	B.T. Cotton	2250	2500	-250
<b>Rajasthan</b>	Hanumangarh	B.T. Cotton	2000	3000	-1000
	Rawatsar	B.T. Cotton	1000	1200	-200
<b>Madhya Pradesh</b>	Khandwa	Mech-1	3500	Closed	-
	Khargaon	Mech-1	747	Closed	-
<b>Maharashtra</b>	Amravati	Mech-1	2000	1940	60
	Jamner	Medium Staple	NR	NR	-
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	50	50	Unch
	Hathras	Desi	NA	NA	-
<b>Telangana</b>	Adilabad	Un-Ginned	9680	NR	-
<b>Andhra Pradesh</b>	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
<b>Karnataka</b>	Bijapur	Bunny	289	NR	-
	Hubli	D.C.H.	NR	90	-

	Hubli	B.T. Cotton	NR	218	-
	Raichur	H-44 Cotton	NR	1732	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	13-Dec-16	12-Dec-16	
Punjab	Bhatinda	J-34	7140	7650	-510
	Abohar	J-34	1020	1360	-340
	Mansa	J-34	1020	850	170
Haryana	Sirsa	J-34	2040	2550	-510
Rajasthan	Sri-Ganganagar	J-34	NR	NR	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				12-Dec-16	10-Dec-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	26000	25700	300
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	27000	26700	300
J-34(202)	26mm	3.5 - 4.9	23	37800	37900	-100
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
		13-Dec-16	12-Dec-16	
Rajkot	Rs. /10 Kg.	690	695	-5
New Delhi	Rs. /10 Kg.	680	690	-10
Hyderabad	Rs. /10 Kg.	680	690	-10
Mumbai	Rs. /10 Kg.	695	705	-10

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

Centre	Unit	Price		Change
		13-Dec-16	12-Dec-16	
Mahesana (Kadi)	Rs./Qtl	1930	Closed	-
Akola	Rs./Qtl	1934	Closed	-

**INTERNATIONAL PRICES AND INDICES**

<b>China Cotton Index: As on 13-December-2016</b>		
<b>Index</b>	<b>RMB/Ton</b>	<b>Change</b>
CCIndex(328)	15953	<b>45</b>
CCIndex(527)	14906	<b>10</b>
CCIndex(229)	16282	<b>26</b>
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<b>China Foreign Cotton (FCE) Index : As on 13-December-2016</b>		
<b>Index</b>	<b>Cents/lb</b>	<b>Change</b>
FC Index (S)	84.12	<b>0.74</b>
FC Index (M)	80.77	<b>0.71</b>
FC Index (L)	79.35	<b>0.75</b>

<b>Cotlook Index: As on 12-December-2016</b>		
<b>Cotlook Indices</b>	<b>Cents/Pound</b>	<b>Change</b>
A-Index	79.45	<b>-0.60</b>

<b>USDA Cotton Spot Rates: As on 12-December-2016</b>			
<b>Growth Area</b>	<b>Leaf 4 to Staple 34</b>	<b>Leaf 3 to Staple 35</b>	<b>Arrivals</b>
	<b>cents/lb.</b>		<b>Bales</b>
<b>Southeast</b>	72.69	74.94	<b>2064</b>
<b>North Delta</b>	72.19	74.44	<b>NIL</b>
<b>South Delta</b>	72.19	74.44	<b>NIL</b>
<b>East TX-OK</b>	69.50	71.00	<b>2311</b>
<b>West Texas</b>	69.50	71.00	<b>5573</b>
<b>Desert SW</b>	68.44	74.44	<b>NIL</b>
<b>SJ Valley</b>	69.69	79.59	<b>NIL</b>

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 12-December-2016**

Contract	Open	High	Low	Close	Change
<b>Dec-16</b>	135.15	138.05	135.15	138.05	<b>2.50</b>
<b>Mar-17</b>	139.95	143.10	138.75	142.00	<b>2.65</b>
<b>May-17</b>	142.20	145.30	141.05	144.25	<b>2.60</b>
<b>Jul-17</b>	144.55	147.45	143.25	146.45	<b>2.55</b>
<b>Oct-17</b>	146.95	149.35	145.25	148.40	<b>2.50</b>
<b>Dec-17</b>	149.70	151.70	148.30	151.35	<b>2.55</b>

**Pakistan Cotton Spot rates: As on 10-December-2016**
**(in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
<b>Cotton</b>	37.32 Kgs	6250	135	6385
<b>Equivalent</b>	40 Kgs	6698	145	6843

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