

Domestic Fundamentals:

Market Outlook: Cotton spot markets noticed firm 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	15-Dec-16	14-Dec-16	
Gujarat	Ahmedabad	Shankar-6	5250	5250	Unch
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	5260	NR	-
	Patan	B.T. Cotton	NA	5220	-
	Kadi	B.T. Cotton	5350	5300	50
	Deesa	B.T. Cotton	4825	4775	50
	Dhrol	B.T. Cotton	5180	5175	5
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	Closed	5280	-
	Bhiwani	Desi	Closed	4150	-
	Adampur	B.T. Cotton	5200	5165	35
	Fatehabad	B.T. Cotton	5200	5190	10
	Jind	B.T. Cotton	5373	5365	8
	Uchana	B.T. Cotton	5250	5250	Unch
	Dabwali	B.T. Cotton	5110	5105	5
Rajasthan	Hanumangarh	B.T. Cotton	5300	5300	Unch
	Rawatsar	B.T. Cotton	5070	5070	Unch
Madhya Pradesh	Khandwa	Mech-1	5212	5200	12
	Khargaon	Mech-1	4930	5115	-185
Maharashtra	Amravati	Mech-1	5000	5050	-50
	Jamner	Medium Staple	4849	4835	14
Uttar Pradesh	Hathras	B.T. Cotton	3850	3850	Unch
	Hathras	Desi	4900	4900	Unch
Telangana	Adilabad	Un-Ginned	NR	4960	-
Andhra Pradesh	Guntur	Un-Ginned	NA	4100	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5197	NR	-
	Hubli	D.C.H.	NR	5519	-
	Hubli	B.T. Cotton	NR	6630	-
	Raichur	H-44 Cotton	NR	5170	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	15-Dec-16	14-Dec-16	
Punjab	Bhatinda	J-34	4160	4150	10

	Abohar	J-34	4160	4150	10
	Mansa	J-34	4160	4150	10
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4080	4060	20
Rajasthan	Sri-Ganganagar	J-34	NR	NR	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	15-Dec-16	14-Dec-16	
Gujarat	Ahmedabad	Shankar-6	68000	59500	8500
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	4400	NR	-
	Patan	B.T. Cotton	NA	57715	-
	Kadi	B.T. Cotton	65000	50000	15000
	Deesa	B.T. Cotton	660	1215	-555
	Dhrol	B.T. Cotton	619	531	88
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	Closed	1000	-
	Bhiwani	Desi	Closed	50	-
	Adampur	B.T. Cotton	2720	1700	1020
	Fatehabad	B.T. Cotton	1300	1500	-200
	Jind	B.T. Cotton	170	340	-170
	Uchana	B.T. Cotton	2410	1900	510
	Dabwali	B.T. Cotton	1600	2300	-700
Rajasthan	Hanumangarh	B.T. Cotton	4000	4000	Unch
	Rawatsar	B.T. Cotton	2500	2000	500
Madhya Pradesh	Khandwa	Mech-1	2500	2000	500
	Khargaon	Mech-1	2880	7570	-4690
Maharashtra	Amravati	Mech-1	15000	7000	8000
	Jamner	Medium Staple	335	330	5
Uttar Pradesh	Hathras	B.T. Cotton	NA	60	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	11114	-
Andhra Pradesh	Guntur	Un-Ginned	NA	25	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	2140	NR	-
	Hubli	D.C.H.	NR	174	-

	Hubli	B.T. Cotton	NR	82	-
	Raichur	H-44 Cotton	NR	975	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	15-Dec-16	14-Dec-16	
Punjab	Bhatinda	J-34	7650	6800	850
	Abohar	J-34	1700	1360	340
	Mansa	J-34	1088	1020	68
Haryana	Sirsa	J-34	2550	2550	Unch
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
				14-Dec-16	13-Dec-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	26200	26200	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	27200	27200	Unch
J-34(202)	26mm	3.5 - 4.9	23	38600	38100	500
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38300	38100	200
Shankar-6(105)	29mm	3.5 - 4.9	28	39100	38800	300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39600	39400	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40600	40400	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
		15-Dec-16	14-Dec-16	
Rajkot	Rs. /10 Kg.	710	710	Unch
New Delhi	Rs. /10 Kg.	690	680	10
Hyderabad	Rs. /10 Kg.	700	680	20
Mumbai	Rs. /10 Kg.	705	700	5

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

Centre	Unit	Price		Change
		15-Dec-16	14-Dec-16	
Mahesana (Kadi)	Rs./Qtl	1921	1923	-2
Akola	Rs./Qtl	1921	1924	-3

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 14-December-2016		
Index	RMB/Ton	Change
CCIndex(328)	15953	Unch
CCIndex(527)	14908	2
CCIndex(229)	16287	5
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 15-December-2016		
Index	Cents/lb	Change
FC Index (S)	83.83	-0.56
FC Index (M)	80.49	-0.52
FC Index (L)	79.13	-0.48

Cotlook Index: As on 14-December-2016		
Cotlook Indices	Cents/Pound	Change
A-Index	80.70	0.25

USDA Cotton Spot Rates: As on 14-December-2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	72.47	74.72	440
North Delta	71.97	74.22	176
South Delta	71.97	74.22	528
East TX-OK	70.00	71.50	4341
West Texas	70.00	71.50	12052
Desert SW	68.22	74.22	70
SJ Valley	69.47	79.37	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 14-December-2016

Contract	Open	High	Low	Close	Change
Mar-17	72.04	72.30	71.31	71.47	-0.57
May-17	72.11	72.47	71.55	71.64	-0.56
Jul-17	71.75	72.20	71.35	71.40	-0.48
Oct-17	70.29	70.29	70.29	70.29	-0.57
Dec-17	69.94	70.08	69.25	69.25	-0.64
Mar-18	69.30	69.30	69.30	69.30	-0.62

Pakistan Cotton Spot rates: As on 14-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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