

## 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	+1.00	924.50	928.50	922.00	925.00	1124	372	11109	94
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 16 –Dec 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-16	+20.00	19090	19150	19010	199070	655	-274	2998	-244
Jan-17	+10.00	19190	19250	19120	19160	661	-435	5355	104
Feb-17	+60.00	19320	19350	19250	19280	168	-191	1459	2

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 16 –Dec 2016

**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	16-Dec-16	15-Dec-16	
Gujarat	Ahmedabad	Shankar-6	5250	5250	Unch
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	5270	5260	10
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5300	5350	-50
	Deesa	B.T. Cotton	4850	4825	25
	Dhrol	B.T. Cotton	5190	5180	10
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5250	Closed	-
	Bhiwani	Desi	4200	Closed	-
	Adampur	B.T. Cotton	5155	5200	-45
	Fatehabad	B.T. Cotton	5180	5200	-20
	Jind	B.T. Cotton	5349	5373	-24
	Uchana	B.T. Cotton	5210	5250	-40
	Dabwali	B.T. Cotton	5100	5110	-10
Rajasthan	Hanumangarh	B.T. Cotton	5250	5300	-50
	Rawatsar	B.T. Cotton	5065	5070	-5
Madhya Pradesh	Khandwa	Mech-1	5200	5212	-12
	Khargaon	Mech-1	5150	4930	220
Maharashtra	Amravati	Mech-1	5000	5000	Unch
	Jamner	Medium Staple	4839	4849	-10
Uttar Pradesh	Hathras	B.T. Cotton	NR	3850	-
	Hathras	Desi	NR	4900	-
Telangana	Adilabad	Un-Ginned	5000	NR	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	4500	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5259	5197	62
	Hubli	D.C.H.	5469	5511	-42
	Hubli	B.T. Cotton	6630	6651	-21
	Raichur	H-44 Cotton	NR	5175	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	16-Dec-16	15-Dec-16	
Punjab	Bhatinda	J-34	4150	4160	-10

	Abohar	J-34	4150	4160	-10
	Mansa	J-34	4150	4160	-10
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4065	4080	-15
Rajasthan	Sri-Ganganagar	J-34	3760	NR	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	16-Dec-16	15-Dec-16	
Gujarat	Ahmedabad	Shankar-6	59500	68000	-8500
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	4800	4400	400
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	65000	65000	Unch
	Deesa	B.T. Cotton	1070	660	410
	Dhrol	B.T. Cotton	613	619	-6
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1000	Closed	-
	Bhiwani	Desi	500	Closed	-
	Adampur	B.T. Cotton	1530	2720	-1190
	Fatehabad	B.T. Cotton	2200	1300	900
	Jind	B.T. Cotton	340	170	170
	Uchana	B.T. Cotton	2010	2410	-400
	Dabwali	B.T. Cotton	1750	1600	150
Rajasthan	Hanumangarh	B.T. Cotton	3500	4000	-500
	Rawatsar	B.T. Cotton	2000	2500	-500
Madhya Pradesh	Khandwa	Mech-1	3000	2500	500
	Khargaon	Mech-1	8850	2880	5970
Maharashtra	Amravati	Mech-1	16000	15000	1000
	Jamner	Medium Staple	289	335	-46
Uttar Pradesh	Hathras	B.T. Cotton	NR	NA	-
	Hathras	Desi	NR	NA	-
Telangana	Adilabad	Un-Ginned	8540	NR	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	0	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	2480	2140	340
	Hubli	D.C.H.	38	150	-112

	Hubli	B.T. Cotton	24	232	-208
	Raichur	H-44 Cotton	NR	990	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	16-Dec-16	15-Dec-16	
Punjab	Bhatinda	J-34	7650	7650	Unch
	Abohar	J-34	1700	1700	Unch
	Mansa	J-34	1190	1088	102
Haryana	Sirsa	J-34	2550	2550	Unch
Rajasthan	Sri-Ganganagar	J-34	250	NR	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				09th Dec to 15th Dec.16	02nd Dec to 08th Dec.16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	26167	27116	-949
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	27150	28050	-900
J-34(202)	26mm	3.5 - 4.9	23	38133	38300	-167
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38083	38416	-333
Shankar-6(105)	29mm	3.5 - 4.9	28	38817	39050	-233
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39367	39633	-266
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40367	40600	-233
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
		16-Dec-16	15-Dec-16	
Rajkot	Rs. /10 Kg.	705	710	-5
New Delhi	Rs. /10 Kg.	695	690	5
Hyderabad	Rs. /10 Kg.	700	700	Unch
Mumbai	Rs. /10 Kg.	700	705	-5

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

Centre	Unit	Price		Change
		16-Dec-16	15-Dec-16	
Mahesana (Kadi)	Rs./Qtl	1921	1921	Unch
Akola	Rs./Qtl	1919.05	1921	-1.95

**INTERNATIONAL PRICES AND INDICES**

**China Cotton Index: As on 16-December-2016**

Index	RMB/Ton	Change
CCIndex(328)	15955	Unch
CCIndex(527)	14920	7
CCIndex(229)	16295	8

RMB -Renminbi, 1RMB =0.16 \$U.S.

**China Foreign Cotton (FCE) Index : As on 16-December-2016**

Index	Cents/lb	Change
FC Index (S)	83.59	-0.24
FC Index (M)	80.25	-0.24
FC Index (L)	78.87	0.25

**Cotlook Index: As on 15-December-2016**

Cotlook Indices	Cents/Pound	Change
A-Index	80.20	-0.50

**USDA Cotton Spot Rates: As on 15-December-2016**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	72.67	74.92	NIL
North Delta	72.17	74.42	NIL
South Delta	72.17	74.42	NIL
East TX-OK	70.25	71.75	2277
West Texas	70.25	71.75	6224
Desert SW	68.42	74.42	NIL
SJ Valley	69.67	79.57	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 15-December-2016**

Contract	Open	High	Low	Close	Change
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<b>Mar-17</b>	71.32	71.77	71.10	71.67	<b>0.20</b>
<b>May-17</b>	71.59	72.01	71.36	71.92	<b>0.28</b>
<b>Jul-17</b>	71.40	71.95	71.20	71.90	<b>0.50</b>
<b>Oct-17</b>	70.80	70.80	70.80	70.80	<b>0.51</b>
<b>Dec-17</b>	69.29	69.73	69.15	69.72	<b>0.47</b>
<b>Mar-18</b>	69.79	69.79	69.79	69.79	<b>0.49</b>

<b>Pakistan Cotton Spot rates: As on 15-December-2016</b>				<b>(in Pakistan Rupees)</b>
<b>Product</b>	<b>Rate for</b>	<b>Ex-Gin Price</b>	<b>Up Country Sales</b>	<b>Spot Rate Karachi</b>
<b>Cotton</b>	37.32 Kgs	6200	135	6335
<b>Equivalent</b>	40 Kgs	6645	145	6790

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