

Domestic Fundamentals:

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

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	17-Dec-16	16-Dec-16	
Gujarat	Ahmedabad	Shankar-6	5200	5250	-50
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	5300	5270	30
	Patan	B.T. Cotton	NA	5200	-
	Kadi	B.T. Cotton	5250	5300	-50
	Deesa	B.T. Cotton	4850	4850	Unch
	Dhrol	B.T. Cotton	5225	5190	35
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5050	5250	-200
	Bhiwani	Desi	4000	4200	-200
	Adampur	B.T. Cotton	5158	5155	3
	Fatehabad	B.T. Cotton	5160	5180	-20
	Jind	B.T. Cotton	5371	5349	22
	Uchana	B.T. Cotton	5210	5210	Unch
	Dabwali	B.T. Cotton	5095	5100	-5
Rajasthan	Hanumangarh	B.T. Cotton	5250	5250	Unch
	Rawatsar	B.T. Cotton	5050	5065	-15
Madhya Pradesh	Khandwa	Mech-1	Closed	5200	-
	Khargaon	Mech-1	5110	5150	-40
Maharashtra	Amravati	Mech-1	5100	5000	100
	Jamner	Medium Staple	NR	4839	-
Uttar Pradesh	Hathras	B.T. Cotton	3900	NR	-
	Hathras	Desi	4000	NR	-
Telangana	Adilabad	Un-Ginned	5000	5000	Unch
Andhra Pradesh	Guntur	Un-Ginned	4100	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	4500	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5239	5259	-20
	Hubli	D.C.H.	NR	5469	-
	Hubli	B.T. Cotton	NR	6630	-
	Raichur	H-44 Cotton	NR	5200	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	17-Dec-16	16-Dec-16	

Punjab	Bhatinda	J-34	4150	4150	Unch
	Abohar	J-34	4145	4150	-5
	Mansa	J-34	4150	4150	Unch
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4070	4065	5
Rajasthan	Sri-Ganganagar	J-34	3798	3760	38

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	17-Dec-16	16-Dec-16	
Gujarat	Ahmedabad	Shankar-6	59500	59500	Unch
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	4600	4800	-200
	Patan	B.T. Cotton	NA	53045	-
	Kadi	B.T. Cotton	65000	65000	Unch
	Deesa	B.T. Cotton	1070	1070	Unch
	Dhrol	B.T. Cotton	417	613	-196
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	2000	1000	1000
	Bhiwani	Desi	50	500	-450
	Adampur	B.T. Cotton	1190	1530	-340
	Fatehabad	B.T. Cotton	2000	2200	-200
	Jind	B.T. Cotton	255	340	-85
	Uchana	B.T. Cotton	2100	2010	90
	Dabwali	B.T. Cotton	950	1750	-800
Rajasthan	Hanumangarh	B.T. Cotton	4000	3500	500
	Rawatsar	B.T. Cotton	1500	2000	-500
Madhya Pradesh	Khandwa	Mech-1	Closed	3000	-
	Khargaon	Mech-1	10500	8850	1650
Maharashtra	Amravati	Mech-1	3050	16000	-12950
	Jamner	Medium Staple	NR	289	-
Uttar Pradesh	Hathras	B.T. Cotton	60	NR	-
	Hathras	Desi	12	NR	-
Telangana	Adilabad	Un-Ginned	13339	8540	4799
Andhra Pradesh	Guntur	Un-Ginned	330	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	0	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	2320	2480	-160

	Hubli	D.C.H.	NR	38	-
	Hubli	B.T. Cotton	NR	24	-
	Raichur	H-44 Cotton	NR	1250	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	17-Dec-16	16-Dec-16	
Punjab	Bhatinda	J-34	7990	7650	340
	Abohar	J-34	2040	1700	340
	Mansa	J-34	1190	1190	Unch
Haryana	Sirsa	J-34	2550	2550	Unch
Rajasthan	Sri-Ganganagar	J-34	2500	250	2250

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				16-Dec-16	15-Dec-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	26700	26700	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	27700	27700	Unch
J-34(202)	26mm	3.5 - 4.9	23	38400	38400	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38100	38100	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	38900	38900	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
		17-Dec-16	16-Dec-16	
Rajkot	Rs. /10 Kg.	710	705	5
New Delhi	Rs. /10 Kg.	695	695	Unch
Hyderabad	Rs. /10 Kg.	700	700	Unch
Mumbai	Rs. /10 Kg.	700	700	Unch

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

Centre	Unit	Price		Change
		17-Dec-16	16-Dec-16	
Mahesana (Kadi)	Rs./Qtl	1922	1921	1
Akola	Rs./Qtl	1921	1919.05	1.95

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 16-December-2016</u>		
Index	RMB/Ton	Change
CCIndex(328)	15955	Unch
CCIndex(527)	14920	7
CCIndex(229)	16295	8
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 16-December-2016</u>		
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

<u>Cotlook Index: As on 16-December-2016</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	80.45	0.25

<u>USDA Cotton Spot Rates: As on 15-December-2016</u>			
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 16-December-2016

Contract	Open	High	Low	Close	Change
Mar-17	71.66	71.69	70.90	71.04	-0.63
May-17	71.92	71.93	71.18	71.32	-0.60
Jul-17	71.7	71.79	71.22	71.42	-0.48
Oct-17	70.37	70.37	70.37	70.37	-0.43
Dec-17	69.52	69.6	69.2	69.5	-0.22
Mar-18	69.52	69.52	69.52	69.52	-0.27

Pakistan Cotton Spot rates: As on 15-December-2016
(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6200	135	6335
Equivalent	40 Kgs	6645	145	6790

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