

Domestic Fundamentals:

Market Outlook: Cotton spot markets noticed mixed 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 official sources, some cotton mills in North China have suspended output as part of the measures to reduce smog that has covered the northern part during the last few days. Mills have stopped buying raw cotton and closed in Hebei province and parts of Shandong, both major growing regions for the fiber, according to a report by Cncotton.com. Mills are likely to be affected till this month end.

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 104.24 million bales, around 8.07 per cent above last season. World ending stocks are now projected higher at 89.15 million bales. For India, production is forecast at 27.00 million bales, same as previous month's estimates 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	0.00	910	912	905	912	1627	219	11013	-35
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	146.00	-	-
May-17	-	-	-

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)
 *Updated at 5:25 pm as on 20 –Dec 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-16	-80	18750	18750	18650	18720	945	42	2412	-1655
Jan-17	-100	18850	18860	18770	18820	1497	-827	4994	-257

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Dec-16		-100		-	-	-
Jan-17			-	-	-	-
	—			-	-	-

(NB: Spread Basis = Spot- Near Month Future)
 * Updated at 5:25 pm as on 20 –Dec 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	20-Dec-16	19-Dec-16	
Gujarat	Ahmedabad	Shankar-6	5200	5250	-50
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	5290	5360	-70
	Patan	B.T. Cotton	NA	5230	-
	Kadi	B.T. Cotton	5300	5300	Unch
	Deesa	B.T. Cotton	4860	4825	35
	Dhrol	B.T. Cotton	5220	5300	-80
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5200	5000	200
	Bhiwani	Desi	4000	4000	Unch
	Adampur	B.T. Cotton	5110	NR	-
	Fatehabad	B.T. Cotton	5150	5170	-20
	Jind	B.T. Cotton	5322	5399	-77
	Uchana	B.T. Cotton	5192	NR	-
	Dabwali	B.T. Cotton	5100	5100	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5250	5260	-10
	Rawatsar	B.T. Cotton	5035	5050	-15
Madhya Pradesh	Khandwa	Mech-1	5100	5050	50
	Khargaon	Mech-1	5200	5120	80
Maharashtra	Amravati	Mech-1	4950	5000	-50
	Jamner	Medium Staple	4811	4832	-21
Uttar Pradesh	Hathras	B.T. Cotton	4050	3800	250
	Hathras	Desi	4250	4000	250
Telangana	Adilabad	Un-Ginned	4950	4970	-20
Andhra Pradesh	Guntur	Un-Ginned	4100	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	4500	NA	-
	East Godavari	Un-Ginned	4160	4160	Unch
Karnataka	Bijapur	Bunny	5229	5229	Unch
	Hubli	D.C.H.	NR	5519	-
	Hubli	B.T. Cotton	NR	6669	-
	Raichur	H-44 Cotton	5250	5250	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	20-Dec-16	19-Dec-16	
Punjab	Bhatinda	J-34	4085	4140	-55
	Abohar	J-34	4090	4140	-50

	Mansa	J-34	4100	4135	-35
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4025	4060	-35
Rajasthan	Sri-Ganganagar	J-34	NR	NR	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	20-Dec-16	19-Dec-16	
Gujarat	Ahmedabad	Shankar-6	68000	68000	Unch
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	4450	5000	-550
	Patan	B.T. Cotton	NA	52560	-
	Kadi	B.T. Cotton	50000	60000	-10000
	Deesa	B.T. Cotton	2355	650	1705
	Dhrol	B.T. Cotton	540	674	-134
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1000	500	500
	Bhiwani	Desi	50	NA	-
	Adampur	B.T. Cotton	1530	NR	-
	Fatehabad	B.T. Cotton	1700	1800	-100
	Jind	B.T. Cotton	340	340	Unch
	Uchana	B.T. Cotton	2675	NR	-
	Dabwali	B.T. Cotton	1150	3500	-2350
Rajasthan	Hanumangarh	B.T. Cotton	3000	5000	-2000
	Rawatsar	B.T. Cotton	2000	1500	500
Madhya Pradesh	Khandwa	Mech-1	4000	6000	-2000
	Khargaon	Mech-1	10900	9380	1520
Maharashtra	Amravati	Mech-1	20000	15000	5000
	Jamner	Medium Staple	314	318	-4
Uttar Pradesh	Hathras	B.T. Cotton	NA	20	-
	Hathras	Desi	35	NA	-
Telangana	Adilabad	Un-Ginned	18502	20752	-2250
Andhra Pradesh	Guntur	Un-Ginned	170	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	2530	1500	1030
	Hubli	D.C.H.	NR	170	-
	Hubli	B.T. Cotton	NR	210	-

	Raichur	H-44 Cotton	1935	2130	-195
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	20-Dec-16	19-Dec-16	
Punjab	Bhatinda	J-34	9350	9350	Unch
	Abohar	J-34	2040	2550	-510
	Mansa	J-34	1275	1190	85
Haryana	Sirsa	J-34	2210	2550	-340
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
				19-Dec-16	17-Dec-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	26500	26700	-200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	27500	27700	-200
J-34(202)	26mm	3.5 - 4.9	23	38000	38200	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38000	38100	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	38800	38900	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39200	39300	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40200	40300	-100
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
		20-Dec-16	19-Dec-16	
Rajkot	Rs. /10 Kg.	690	710	-20
New Delhi	Rs. /10 Kg.	695	695	Unch
Hyderabad	Rs. /10 Kg.	690	695	-5
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
		20-Dec-16	19-Dec-16	
Mahesana (Kadi)	Rs./Qtl	1948	1956	-8
Akola	Rs./Qtl	1930	1941	-11

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 20-December-2016</u>		
Index	RMB/Ton	Change
CCIndex(328)	15896	-61
CCIndex(527)	14899	-21
CCIndex(229)	16258	-42
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 20-December-2016</u>		
Index	Cents/lb	Change
FC Index (S)	82.07	-1.14
FC Index (M)	78.70	-1.04
FC Index (L)	77.12	-1.25

<u>Cotlook Index: As on 19-December-2016</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	79.70	-0.75

<u>USDA Cotton Spot Rates: As on 19-December-2016</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	70.57	72.82	378
North Delta	70.07	72.32	NIL
South Delta	70.07	72.32	NIL
East TX-OK	68.00	69.50	291
West Texas	68.00	69.50	1836
Desert SW	65.82	70.82	518
SJ Valley	67.07	76.97	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 19-December-2016

Contract	Open	High	Low	Close	Change
Mar-17	70.90	71.00	69.53	69.57	-1.47
May-17	71.18	71.25	70.00	70.03	-1.29
Jul-17	71.31	71.37	70.34	70.41	-1.01
Oct-17	70.04	70.04	70.03	70.03	-0.34
Dec-17	69.45	69.60	68.63	68.85	-0.65
Mar-18	68.70	68.86	68.70	68.86	-0.66

Pakistan Cotton Spot rates: As on 19-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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