

Domestic Fundamentals:

Market Outlook: Cotton spot markets witnessed mixed sentiment on Wednesday.

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 the National Bureau of Statistics, cotton production in China declined by 4.6 per cent in 2016 to 5.34 million tons compared to the previous year. Production has declined amid decline in acreage and yields. Acreage has declined by 11.1 per cent to 3.38 million hectares. Yields of cotton declined by 260,000 tons to 5.34 million tons.

Cotton's annual growth output in Pakistan has slowed to 12.3 per cent amid lower arrivals of seed cotton during the period December 01-15, 2016. Pakistan has harvested 10.147 million bales of cotton up to December 15, 2016 according to data released by the Pakistan Cotton Ginners Association. Seed cotton arrivals during the same period declined by 3 per cent to 389,490 bales. According to the latest estimates, Pakistan is expected to produce 10.542 million bales during the current 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	+5.00	910.5	919	909.5	918	1122	-505	11180	167
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	143.00	-	-
May-17	-	-	-

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)

*Updated at 6:33 pm as on 21 –Dec 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-16	+120	18730	18870	18700	18860	739	206	2125	-287
Jan-17	+120	18840	18970	18820	18960	1183	314	5073	79

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

(NB: Spread Basis = Spot- Near Month Future)

* Updated at 6:33 pm as on 21 –Dec 2016

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	21-Dec-16	20-Dec-16	
Gujarat	Ahmedabad	Shankar-6	5200	5200	Unch
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	5305	5290	15
	Patan	B.T. Cotton	5160	NA	-
	Kadi	B.T. Cotton	5250	5300	-50
	Deesa	B.T. Cotton	4905	4860	45
	Dhrol	B.T. Cotton	5205	5220	-15
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5200	5200	Unch
	Bhiwani	Desi	4000	4000	Unch
	Adampur	B.T. Cotton	5125	5110	15
	Fatehabad	B.T. Cotton	5140	5150	-10
	Jind	B.T. Cotton	5340	5322	18
	Uchana	B.T. Cotton	5200	5192	8
	Dabwali	B.T. Cotton	5110	5100	10
Rajasthan	Hanumangarh	B.T. Cotton	5275	5250	25
	Rawatsar	B.T. Cotton	5080	5035	45
Madhya Pradesh	Khandwa	Mech-1	5075	5100	-25
	Khargaon	Mech-1	5165	5200	-35
Maharashtra	Amravati	Mech-1	4950	4950	Unch
	Jamner	Medium Staple	4800	4811	-11
Uttar Pradesh	Hathras	B.T. Cotton	4050	4050	Unch
	Hathras	Desi	4250	4250	Unch
Telangana	Adilabad	Un-Ginned	4950	4950	Unch
Andhra Pradesh	Guntur	Un-Ginned	4100	4100	Unch
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	4500	-
	East Godavari	Un-Ginned	4160	4160	Unch
Karnataka	Bijapur	Bunny	5279	5229	50
	Hubli	D.C.H.	NR	5519	-
	Hubli	B.T. Cotton	NR	6639	-
	Raichur	H-44 Cotton	NR	5250	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	21-Dec-16	20-Dec-16	
Punjab	Bhatinda	J-34	4095	4085	10

	Abohar	J-34	4090	4090	Unch
	Mansa	J-34	4090	4100	-10
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4010	4025	-15
Rajasthan	Sri-Ganganagar	J-34	NR	NR	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	21-Dec-16	20-Dec-16	
Gujarat	Ahmedabad	Shankar-6	59500	68000	-8500
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	4250	4450	-200
	Patan	B.T. Cotton	42213	NA	-
	Kadi	B.T. Cotton	60000	50000	10000
	Deesa	B.T. Cotton	950	2355	-1405
	Dhrol	B.T. Cotton	562	540	22
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1500	1000	500
	Bhiwani	Desi	50	50	Unch
	Adampur	B.T. Cotton	1360	1530	-170
	Fatehabad	B.T. Cotton	2200	1700	500
	Jind	B.T. Cotton	289	340	-51
	Uchana	B.T. Cotton	2000	2675	-675
	Dabwali	B.T. Cotton	2200	1150	1050
Rajasthan	Hanumangarh	B.T. Cotton	2000	3000	-1000
	Rawatsar	B.T. Cotton	2500	2000	500
Madhya Pradesh	Khandwa	Mech-1	4000	4000	Unch
	Khargaon	Mech-1	9850	10900	-1050
Maharashtra	Amravati	Mech-1	18500	20000	-1500
	Jamner	Medium Staple	319	314	5
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	35	-
Telangana	Adilabad	Un-Ginned	12050	18502	-6452
Andhra Pradesh	Guntur	Un-Ginned	130	170	-40
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	2150	2530	-380
	Hubli	D.C.H.	NR	66	-

	Hubli	B.T. Cotton	NR	24	-
	Raichur	H-44 Cotton	NR	1935	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	21-Dec-16	20-Dec-16	
Punjab	Bhatinda	J-34	8500	9350	-850
	Abohar	J-34	1700	2040	-340
	Mansa	J-34	1275	1275	Unch
Haryana	Sirsa	J-34	2550	2210	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
				20-Dec-16	19-Dec-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	26500	26500	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	27300	27500	-200
J-34(202)	26mm	3.5 - 4.9	23	37700	38000	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	37800	38000	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	38600	38800	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39200	39200	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40200	40200	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	54000	54500	-500

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

Centre	Unit	Price		Change
		21-Dec-16	20-Dec-16	
Rajkot	Rs. /10 Kg.	695	690	5
New Delhi	Rs. /10 Kg.	695	695	Unch
Hyderabad	Rs. /10 Kg.	690	690	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
		21-Dec-16	20-Dec-16	
Mahesana (Kadi)	Rs./Qtl	1940	1948	-8
Akola	Rs./Qtl	1928	1930	-2

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 21-December-2016</u>		
Index	RMB/Ton	Change
CCIndex(328)	15833	-63
CCIndex(527)	14890	-9.0
CCIndex(229)	16208	-50
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 21-December-2016</u>		
Index	Cents/lb	Change
FC Index (S)	81.81	-0.26
FC Index (M)	78.45	-0.25
FC Index (L)	76.88	-0.24

<u>Cotlook Index: As on 20-December-2016</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	78.40	-1.30

<u>USDA Cotton Spot Rates: As on 20-December-2016</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	70.34	72.59	1359
North Delta	69.84	72.09	NIL
South Delta	69.84	72.09	NIL
East TX-OK	68.00	69.50	588
West Texas	68.00	69.50	5512
Desert SW	65.59	70.59	NIL
SJ Valley	66.84	76.74	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 20-December-2016

Contract	Open	High	Low	Close	Change
Mar-17	69.54	69.84	69.32	69.34	-0.23
May-17	70.00	70.27	69.74	69.77	-0.26
Jul-17	70.37	70.61	70.10	70.17	-0.24
Oct-17	69.51	69.51	69.51	69.51	-0.52
Dec-17	68.65	68.99	68.56	68.63	-0.22
Mar-18	68.90	68.90	68.60	68.60	-0.26

Pakistan Cotton Spot rates: As on 20-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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