

## Domestic Fundamentals:

**Market Outlook:** Cotton spot markets noticed mixed tone on Friday.

**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.

The cotton crop had touched a record low in 2011 in Oklahoma amid drought in the growing regions. Timely rainfall this season has supported production. Till date, farmers have produced 565-thousand bales this year, 51 per cent higher compared to previous year with about two weeks of harvest remaining. Farmers harvested 70 thousand acres during the state's record low in 2011. This year the state has harvested 285 thousand acres. Cotton in Oklahoma typically brings in about 90 million dollars of state revenue. Oklahoma cotton farms also produce 2 percent of the nation's total cotton crop.

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	+3.50	917	927.5	916.5	924	1626	247	11255	230
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 5:52 pm as on 23 –Dec 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-16	+30	18830	18950	18830	18920	423	169	1627	-208
Jan-17	0.00	18940	19060	18930	19010	968	-183	5730	453

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Dec-16		-110		-	-	-
Jan-17			-	-	-	-
	—			-	-	-

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

\* Updated at 5:52 pm as on 23 –Dec 2016

### DOMESTIC PRICES AND ARRIVALS

#### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	23-Dec-16	22-Dec-16	
Gujarat	Ahmedabad	Shankar-6	5200	5250	-50
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	5335	5330	5
	Patan	B.T. Cotton	5205	NA	-
	Kadi	B.T. Cotton	5300	5275	25
	Deesa	B.T. Cotton	4905	4955	-50
	Dhrol	B.T. Cotton	5255	5250	5
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5250	5250	Unch
	Bhiwani	Desi	4000	4000	Unch
	Adampur	B.T. Cotton	5170	5180	-10
	Fatehabad	B.T. Cotton	5170	5170	Unch
	Jind	B.T. Cotton	5281	5400	-119
	Uchana	B.T. Cotton	5260	5200	60
	Dabwali	B.T. Cotton	5100	5140	-40
Rajasthan	Hanumangarh	B.T. Cotton	5300	5300	Unch
	Rawatsar	B.T. Cotton	5080	5115	-35
Madhya Pradesh	Khandwa	Mech-1	5100	5050	50
	Khargaon	Mech-1	5150	5200	-50
Maharashtra	Amravati	Mech-1	4900	4950	-50
	Jamner	Medium Staple	4852	4847	5
Uttar Pradesh	Hathras	B.T. Cotton	NR	4000	-
	Hathras	Desi	NR	4150	-
Telangana	Adilabad	Un-Ginned	5000	4980	-
Andhra Pradesh	Guntur	Un-Ginned	NA	4400	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	4700	-
	East Godavari	Un-Ginned	4160	4160	Unch
Karnataka	Bijapur	Bunny	5289	5239	50
	Hubli	D.C.H.	5519	NR	-
	Hubli	B.T. Cotton	6569	NR	-
	Raichur	H-44 Cotton	5225	NR	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	23-Dec-16	22-Dec-16	

<b>Punjab</b>	Bhatinda	J-34	4130	4125	5
	Abohar	J-34	4130	4125	5
	Mansa	J-34	4115	4125	-10
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
<b>Haryana</b>	Sirsa	J-34	4060	4050	10
<b>Rajasthan</b>	Sri-Ganganagar	J-34	NR	NR	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	23-Dec-16	22-Dec-16	
<b>Gujarat</b>	Ahmedabad	Shankar-6	59500	59500	Unch
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	4100	4400	-300
	Patan	B.T. Cotton	38520	NA	-
	Kadi	B.T. Cotton	60000	70000	-10000
	Deesa	B.T. Cotton	450	1100	-650
	Dhrol	B.T. Cotton	568	538	30
<b>Punjab</b>	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
<b>Haryana</b>	Bhiwani	B.T. Cotton	2000	2000	Unch
	Bhiwani	Desi	50	50	Unch
	Adampur	B.T. Cotton	1190	1360	-170
	Fatehabad	B.T. Cotton	1800	2000	-200
	Jind	B.T. Cotton	187	213	-26
	Uchana	B.T. Cotton	2580	2680	-100
	Dabwali	B.T. Cotton	2000	2000	Unch
<b>Rajasthan</b>	Hanumangarh	B.T. Cotton	2800	2000	800
	Rawatsar	B.T. Cotton	2500	2000	500
<b>Madhya Pradesh</b>	Khandwa	Mech-1	4000	4500	-500
	Khargaon	Mech-1	8500	9970	-1470
<b>Maharashtra</b>	Amravati	Mech-1	25000	20000	5000
	Jamner	Medium Staple	339	333	6
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	NR	50	-
	Hathras	Desi	NR	NA	-
<b>Telangana</b>	Adilabad	Un-Ginned	6909	7489	-580
<b>Andhra Pradesh</b>	Guntur	Un-Ginned	NA	180	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
<b>Karnataka</b>	Bijapur	Bunny	1220	1760	-540

	Hubli	D.C.H.	142	NR	-
	Hubli	B.T. Cotton	50	NR	-
	Raichur	H-44 Cotton	1642	NR	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	23-Dec-16	22-Dec-16	
Punjab	Bhatinda	J-34	9350	11900	-2550
	Abohar	J-34	1700	1190	510
	Mansa	J-34	1190	1190	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
				22-Dec-16	21-Dec-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	26700	26500	200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	27500	27300	200
J-34(202)	26mm	3.5 - 4.9	23	38200	37700	500
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38200	37900	300
Shankar-6(105)	29mm	3.5 - 4.9	28	38900	38700	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39500	39300	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40300	40200	100
DCH-32(107)	34mm	3.0 - 3.8	33	54000	54000	Unch

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

Centre	Unit	Price		Change
		23-Dec-16	22-Dec-16	
Rajkot	Rs. /10 Kg.	670	685	-15
New Delhi	Rs. /10 Kg.	685	690	-5
Hyderabad	Rs. /10 Kg.	670	690	-20
Mumbai	Rs. /10 Kg.	690	700	-10

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

Centre	Unit	Price		Change
		23-Dec-16	22-Dec-16	
Mahesana (Kadi)	Rs./Qtl	1933	1938	-5

Akola	Rs./Qtl	1915	1924	-9
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### INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 23-December-2016</u>		
Index	RMB/Ton	Change
CCIndex(328)	15852	16
CCIndex(527)	14907	17
CCIndex(229)	16232	21
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 23-December-2016</u>		
Index	Cents/lb	Change
FC Index (S)	82.61	0.07
FC Index (M)	79.25	0.07
FC Index (L)	77.87	0.09

<u>Cotlook Index: As on 22-December-2016</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	79.05	0.85

<u>USDA Cotton Spot Rates: As on 22-Dec-2016</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	71.20	73.45	556
North Delta	70.70	72.95	NIL
South Delta	70.70	72.95	NIL
East TX-OK	68.00	69.50	3289
West Texas	68.00	69.50	4461
Desert SW	66.45	71.45	885
SJ Valley	67.70	77.60	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 22-December-2016**

Contract	Open	High	Low	Close	Change
<b>Mar-17</b>	70.13	70.77	69.76	70.20	<b>0.07</b>
<b>May-17</b>	70.48	71.12	70.15	70.60	<b>0.12</b>
<b>Jul-17</b>	70.85	71.44	70.56	70.99	<b>0.15</b>
<b>Oct-17</b>	69.98	69.98	69.98	69.98	<b>0.25</b>
<b>Dec-17</b>	69.36	69.75	68.96	69.25	<b>0.12</b>
<b>Mar-18</b>	69.16	69.16	69.16	69.16	<b>0.11</b>

**Pakistan Cotton Spot rates: As on 22-December-2016**
**(in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
<b>Cotton</b>	37.32 Kgs	6250	135	6385
<b>Equivalent</b>	40 Kgs	6698	145	6843

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