

## Domestic Fundamentals:

**Market Outlook:** Cotton spot markets noticed range –bound to firm 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 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	24-Dec-16	23-Dec-16	
Gujarat	Ahmedabad	Shankar-6	5300	5200	100
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	5350	5335	15
	Patan	B.T. Cotton	NA	5205	-
	Kadi	B.T. Cotton	5350	5300	50
	Deesa	B.T. Cotton	4955	4905	50
	Dhrol	B.T. Cotton	NA	5255	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5300	5250	50
	Bhiwani	Desi	4100	4000	100
	Adampur	B.T. Cotton	5240	5170	70
	Fatehabad	B.T. Cotton	5225	5170	55
	Jind	B.T. Cotton	5380	5281	99
	Uchana	B.T. Cotton	5237	5260	-23
	Dabwali	B.T. Cotton	5160	5100	60
Rajasthan	Hanumangarh	B.T. Cotton	5300	5300	Unch
	Rawatsar	B.T. Cotton	5200	5080	120
Madhya Pradesh	Khandwa	Mech-1	Closed	5100	-
	Khargaon	Mech-1	5150	5150	Unch
Maharashtra	Amravati	Mech-1	4950	4900	50
	Jamner	Medium Staple	4837	4852	-15
Uttar Pradesh	Hathras	B.T. Cotton	4000	NR	-
	Hathras	Desi	4150	NR	-
Telangana	Adilabad	Un-Ginned	5000	5000	Unch
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4160	4160	Unch
Karnataka	Bijapur	Bunny	5289	5289	Unch
	Hubli	D.C.H.	NR	5519	-
	Hubli	B.T. Cotton	NR	6569	-
	Raichur	H-44 Cotton	NR	5225	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	24-Dec-16	23-Dec-16	

<b>Punjab</b>	Bhatinda	J-34	4150	4130	20
	Abohar	J-34	4150	4130	20
	Mansa	J-34	4150	4115	35
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
<b>Haryana</b>	Sirsa	J-34	4080	4060	20
<b>Rajasthan</b>	Sri-Ganganagar	J-34	NR	NR	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	24-Dec-16	23-Dec-16	
<b>Gujarat</b>	Ahmedabad	Shankar-6	59500	59500	Unch
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	3900	4100	-200
	Patan	B.T. Cotton	NA	38520	-
	Kadi	B.T. Cotton	40000	60000	-20000
	Deesa	B.T. Cotton	775	450	325
	Dhrol	B.T. Cotton	NA	568	-
<b>Punjab</b>	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
<b>Haryana</b>	Bhiwani	B.T. Cotton	2500	2000	500
	Bhiwani	Desi	100	50	50
	Adampur	B.T. Cotton	1360	1190	170
	Fatehabad	B.T. Cotton	1800	1800	Unch
	Jind	B.T. Cotton	255	187	68
	Uchana	B.T. Cotton	800	2580	-1780
	Dabwali	B.T. Cotton	1900	2000	-100
<b>Rajasthan</b>	Hanumangarh	B.T. Cotton	2500	2800	-300
	Rawatsar	B.T. Cotton	1000	2500	-1500
<b>Madhya Pradesh</b>	Khandwa	Mech-1	Closed	4000	-
	Khargaon	Mech-1	10290	8500	1790
<b>Maharashtra</b>	Amravati	Mech-1	18000	25000	-7000
	Jamner	Medium Staple	333	339	-6
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	NA	NR	-
	Hathras	Desi	NA	NR	-
<b>Telangana</b>	Adilabad	Un-Ginned	13320	6909	6411
<b>Andhra Pradesh</b>	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
<b>Karnataka</b>	Bijapur	Bunny	1220	1220	Unch

	Hubli	D.C.H.	NR	142	-
	Hubli	B.T. Cotton	NR	50	-
	Raichur	H-44 Cotton	NR	1642	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	24-Dec-16	23-Dec-16	
Punjab	Bhatinda	J-34	8500	9350	-850
	Abohar	J-34	1190	1700	-510
	Mansa	J-34	1020	1190	-170
Haryana	Sirsa	J-34	2040	2550	-510
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
				23-Dec-16	22-Dec-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	27200	26700	500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	28000	27500	500
J-34(202)	26mm	3.5 - 4.9	23	38300	38200	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38300	38200	100
Shankar-6(105)	29mm	3.5 - 4.9	28	39000	38900	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39600	39500	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40300	40300	Unch
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
		24-Dec-16	23-Dec-16	
Rajkot	Rs. /10 Kg.	685	670	15
New Delhi	Rs. /10 Kg.	680	685	-5
Hyderabad	Rs. /10 Kg.	670	670	Unch
Mumbai	Rs. /10 Kg.	690	690	Unch

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

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

Akola	Rs./Qtl	1916	1915	1
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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 23-December-2016</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	79.05	Unch

<u>USDA Cotton Spot Rates: As on 23-Dec-2016</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	70.87	73.12	169
North Delta	70.37	72.62	NIL
South Delta	70.37	72.62	NIL
East TX-OK	68	69.5	2095
West Texas	68	69.5	3527
Desert SW	66.12	71.12	200
SJ Valley	67.37	77.27	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 23-December-2016**

Contract	Open	High	Low	Close	Change
<b>Mar-17</b>	70.19	70.54	69.85	69.87	<b>-0.33</b>
<b>May-17</b>	70.50	70.87	70.21	70.27	<b>-0.33</b>
<b>Jul-17</b>	70.99	71.20	70.61	70.67	<b>-0.32</b>
<b>Oct-17</b>	69.30	69.30	69.30	69.30	<b>-0.68</b>
<b>Dec-17</b>	69.32	69.32	68.84	68.97	<b>-0.28</b>
<b>Mar-18</b>	68.88	68.88	68.88	68.88	<b>-0.28</b>

**Pakistan Cotton Spot rates: As on 23-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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