

**Domestic Fundamentals:**

**Market Outlook:** Cotton spot markets noticed range –bound to firm tone on Tuesday.

**In The News:** The Cotton Corporation of India is purchasing fiber at market rates from various parts of the country to ensure supplies for its customers in the textiles industry. The corporation is expected to purchase up to 15 lakh bales this season according to official sources. Market prices have firmed up recently as arrivals have declined post demonetization. It is likely to purchase from West, Central and the Southern markets of the country.

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.

According to Pakistan's Cotton Crop Assessment Committee (CCAC), the country's cotton crop is expected to be around 10.6 million bales in 2016 -17 compared to 9.7 million bales during the previous season. Although 2016-17 area was forecast at a three-decade low, the yield was projected at 748 kg per hectare, one of the top yields on record for Pakistan. Favourable weather condition is likely to support the 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	+2.00	933	938	930	935	2765	12	11284	61
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	139.00	-	-
May-17	-	-	-

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

\*Updated at 6:42 pm as on 27 –Dec 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-16	+10	18980	19120	18960	19060	567	201	918	-282
Jan-17	+10	19050	19190	19040	19130	1978	264	6248	207

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Dec-16		-70		-	-	-
Jan-17			-	-	-	-
	—			-	-	-

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

\* Updated at 6:42 pm as on 27 –Dec 2016

**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	27-Dec-16	26-Dec-16	
Gujarat	Ahmedabad	Shankar-6	5350	5350	Unch
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	NR	5370	-
	Patan	B.T. Cotton	5295	5275	20
	Kadi	B.T. Cotton	5400	5400	Unch
	Deesa	B.T. Cotton	5250	4960	290
	Dhrol	B.T. Cotton	5405	5365	40
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5300	5300	Unch
	Bhiwani	Desi	4250	4000	250
	Adampur	B.T. Cotton	5285	5250	35
	Fatehabad	B.T. Cotton	5285	5280	5
	Jind	B.T. Cotton	5370	5439	-69
	Uchana	B.T. Cotton	5360	5300	60
	Dabwali	B.T. Cotton	5260	5245	15
Rajasthan	Hanumangarh	B.T. Cotton	5350	5350	Unch
	Rawatsar	B.T. Cotton	5350	5300	50
Madhya Pradesh	Khandwa	Mech-1	5250	5150	100
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	5100	5100	Unch
	Jamner	Medium Staple	4850	NR	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	3900	-
	Hathras	Desi	NA	4000	-
Telangana	Adilabad	Un-Ginned	5050	NR	-
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	5359	5289	70
	Hubli	D.C.H.	5499	NR	-
	Hubli	B.T. Cotton	6519	NR	-
	Raichur	H-44 Cotton	5250	NR	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	27-Dec-16	26-Dec-16	
Punjab	Bhatinda	J-34	4165	4165	Unch
	Abohar	J-34	4165	4165	Unch

	Mansa	J-34	4160	4160	Unch
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4090	4100	-10
Rajasthan	Sri-Ganganagar	J-34	NR	NR	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	27-Dec-16	26-Dec-16	
Gujarat	Ahmedabad	Shankar-6	42500	59500	-17000
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	NR	4450	-
	Patan	B.T. Cotton	48500	30105	18395
	Kadi	B.T. Cotton	40000	35000	5000
	Deesa	B.T. Cotton	1750	525	1225
	Dhrol	B.T. Cotton	438	568	-130
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	2500	3000	-500
	Bhiwani	Desi	100	100	Unch
	Adampur	B.T. Cotton	1020	1360	-340
	Fatehabad	B.T. Cotton	900	1300	-400
	Jind	B.T. Cotton	150	201	-51
	Uchana	B.T. Cotton	2500	2855	-355
	Dabwali	B.T. Cotton	1600	3500	-1900
Rajasthan	Hanumangarh	B.T. Cotton	2000	3000	-1000
	Rawatsar	B.T. Cotton	1500	1000	500
Madhya Pradesh	Khandwa	Mech-1	3000	2500	500
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	23000	22000	1000
	Jamner	Medium Staple	13	NR	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	50	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	19208	NR	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	1042	1050	-8
	Hubli	D.C.H.	42	NR	-
	Hubli	B.T. Cotton	228	NR	-

	Raichur	H-44 Cotton	1710	NR	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	27-Dec-16	26-Dec-16	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	1700	1360	340
	Mansa	J-34	1020	1190	-170
Haryana	Sirsa	J-34	850	2040	-1190
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
				26-Dec-16	25-Dec-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	27900	27400	500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	28700	28200	500
J-34(202)	26mm	3.5 - 4.9	23	38600	38400	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38500	38300	200
Shankar-6(105)	29mm	3.5 - 4.9	28	39200	39000	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39900	39600	300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40600	40300	300
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
		27-Dec-16	26-Dec-16	
Rajkot	Rs. /10 Kg.	700	685	15
New Delhi	Rs. /10 Kg.	685	680	5
Hyderabad	Rs. /10 Kg.	685	670	15
Mumbai	Rs. /10 Kg.	685	690	-5

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

Centre	Unit	Price		Change
		27-Dec-16	26-Dec-16	
Mahesana (Kadi)	Rs./Qtl	2017	1995	22
Akola	Rs./Qtl	1975	1956	19

**INTERNATIONAL PRICES AND INDICES**

<b>China Cotton Index: As on 27-December-2016</b>		
<b>Index</b>	<b>RMB/Ton</b>	<b>Change</b>
CCIndex(328)	15782	<b>-71</b>
CCIndex(527)	14857	<b>-51</b>
CCIndex(229)	16143	<b>-92</b>
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<b>China Foreign Cotton (FCE) Index : As on 27-December-2016</b>		
<b>Index</b>	<b>Cents/lb</b>	<b>Change</b>
FC Index (S)	82.36	<b>Unch</b>
FC Index (M)	79.04	<b>Unch</b>
FC Index (L)	77.62	<b>Unch</b>

<b>Cotlook Index: As on 23-December-2016</b>		
<b>Cotlook Indices</b>	<b>Cents/Pound</b>	<b>Change</b>
A-Index	79.05	<b>Unch</b>

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

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 26-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 26-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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