

## Domestic Fundamentals:

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

**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 China Cotton Association's (CCA) report from survey over 2800 growers and 12 major cotton belts in December 2016, growers are willing to increase acreage under cotton. According to the survey, 5.78% plan to reduce plantings, 7.91% to increase, and 44.31% has not decided, others has no change compared to last year. Cotton planting area is estimated at 42.60 million mu in 2017.

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	+11.00	937	953	936	947	6252	3487	10553	-731
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 6:09 pm as on 28 –Dec 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-17	+40	19180	19250	19130	19180	1572	-1005	6351	5433
Mar-17	+20	19350	19420	19320	19340	739	1239	3406	-2842

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Jan-17		-160		-	-	-
Mar-17			-	-	-	-
	—			-	-	-

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

\* Updated at 6:09 pm as on 28 –Dec 2016

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

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	28-Dec-16	27-Dec-16	
Gujarat	Ahmedabad	Shankar-6	5350	5350	Unch
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	5320	NR	-
	Patan	B.T. Cotton	5290	5295	-5
	Kadi	B.T. Cotton	5400	5400	Unch
	Deesa	B.T. Cotton	5250	5250	Unch
	Dhrol	B.T. Cotton	5320	5405	-85
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5300	5300	Unch
	Bhiwani	Desi	4250	4250	Unch
	Adampur	B.T. Cotton	5340	5285	55
	Fatehabad	B.T. Cotton	5360	5285	75
	Jind	B.T. Cotton	5387	5370	17
	Uchana	B.T. Cotton	5330	5360	-30
	Dabwali	B.T. Cotton	5330	5260	70
Rajasthan	Hanumangarh	B.T. Cotton	5400	5350	50
	Rawatsar	B.T. Cotton	5350	5350	Unch
Madhya Pradesh	Khandwa	Mech-1	5200	5250	-50
	Khargaon	Mech-1	5370	NR	-
Maharashtra	Amravati	Mech-1	5100	5100	Unch
	Jamner	Medium Staple	4867	4850	17
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5060	5050	10
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	4160	-
Karnataka	Bijapur	Bunny	5409	5359	50
	Hubli	D.C.H.	NR	5499	-
	Hubli	B.T. Cotton	NR	6519	-
	Raichur	H-44 Cotton	5275	5250	25
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	28-Dec-16	27-Dec-16	
Punjab	Bhatinda	J-34	4180	4165	15
	Abohar	J-34	4180	4165	15

	Mansa	J-34	4175	4160	15
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4100	4090	10
Rajasthan	Sri-Ganganagar	J-34	3760	NR	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	28-Dec-16	27-Dec-16	
Gujarat	Ahmedabad	Shankar-6	51000	42500	8500
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	4600	NR	-
	Patan	B.T. Cotton	13380	48500	-35120
	Kadi	B.T. Cotton	50000	40000	10000
	Deesa	B.T. Cotton	225	1750	-1525
	Dhrol	B.T. Cotton	424	438	-14
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	3000	2500	500
	Bhiwani	Desi	50	100	-50
	Adampur	B.T. Cotton	1190	1020	170
	Fatehabad	B.T. Cotton	900	900	Unch
	Jind	B.T. Cotton	340	150	190
	Uchana	B.T. Cotton	2825	2500	325
	Dabwali	B.T. Cotton	1800	1600	200
Rajasthan	Hanumangarh	B.T. Cotton	1500	2000	-500
	Rawatsar	B.T. Cotton	2000	1500	500
Madhya Pradesh	Khandwa	Mech-1	2500	3000	-500
	Khargaon	Mech-1	4650	NR	-
Maharashtra	Amravati	Mech-1	20000	23000	-3000
	Jamner	Medium Staple	345	13	332
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	14609	19208	-4599
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	905	1042	-137
	Hubli	D.C.H.	NR	42	-
	Hubli	B.T. Cotton	NR	228	-

	Raichur	H-44 Cotton	1282	1710	<b>-428</b>
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	28-Dec-16	27-Dec-16	
Punjab	Bhatinda	J-34	7650	8500	<b>-850</b>
	Abohar	J-34	1360	1700	<b>-340</b>
	Mansa	J-34	1020	1020	<b>Unch</b>
Haryana	Sirsa	J-34	1020	850	<b>170</b>
Rajasthan	Sri-Ganganagar	J-34	500	NR	<b>-</b>

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				27-Dec-16	26-Dec-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	28400	27900	<b>500</b>
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	29200	28700	<b>500</b>
J-34(202)	26mm	3.5 - 4.9	23	38600	38600	<b>Unch</b>
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38500	38500	<b>Unch</b>
Shankar-6(105)	29mm	3.5 - 4.9	28	39200	39200	<b>Unch</b>
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39900	39900	<b>Unch</b>
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40600	40600	<b>Unch</b>
DCH-32(107)	34mm	3.0 - 3.8	33	54000	54000	<b>Unch</b>

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

Centre	Unit	Price		Change
		28-Dec-16	27-Dec-16	
Rajkot	Rs. /10 Kg.	690	700	<b>-10</b>
New Delhi	Rs. /10 Kg.	690	685	<b>5</b>
Hyderabad	Rs. /10 Kg.	685	685	<b>Unch</b>
Mumbai	Rs. /10 Kg.	690	685	<b>5</b>

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

Centre	Unit	Price		Change
		28-Dec-16	27-Dec-16	
Mahesana (Kadi)	Rs./Qtl	2024	2017	<b>7</b>
Akola	Rs./Qtl	1983	1975	<b>8</b>

**INTERNATIONAL PRICES AND INDICES**

<b>China Cotton Index: As on 28-December-2016</b>		
<b>Index</b>	<b>RMB/Ton</b>	<b>Change</b>
CCIndex(328)	15779	<b>-3.00</b>
CCIndex(527)	14855	<b>-2.00</b>
CCIndex(229)	16143	<b>Unch</b>
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<b>China Foreign Cotton (FCE) Index : As on 28-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 27-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>	70.74	72.99	<b>NIL</b>
<b>North Delta</b>	70.24	72.49	<b>NIL</b>
<b>South Delta</b>	70.24	72.49	<b>NIL</b>
<b>East TX-OK</b>	68.00	69.50	<b>NIL</b>
<b>West Texas</b>	68.00	69.50	<b>2472</b>
<b>Desert SW</b>	65.99	70.99	<b>3472</b>
<b>SJ Valley</b>	67.24	77.14	<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 27-December-2016**

Contract	Open	High	Low	Close	Change
<b>Mar-17</b>	69.77	70.24	69.52	69.74	<b>-0.13</b>
<b>May-17</b>	70.16	70.66	69.92	70.17	<b>-0.10</b>
<b>Jul-17</b>	70.44	70.87	70.35	70.58	<b>-0.09</b>
<b>Oct-17</b>	69.22	69.22	69.22	69.22	<b>-0.08</b>
<b>Dec-17</b>	68.80	69.30	68.80	68.86	<b>-0.11</b>
<b>Mar-18</b>	68.75	68.83	68.75	68.83	<b>-0.05</b>

**Pakistan Cotton Spot rates: As on 27-December-2016**
**(in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
<b>Cotton</b>	37.32 Kgs	6200	135	6335
<b>Equivalent</b>	40 Kgs	6645	145	6790

**Disclaimer**

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2016 Indian Agribusiness Systems Pvt. Ltd.