

Domestic Fundamentals:

Market Outlook: Cotton spot markets witnessed mixed tone on Thursday.

In The News: Pakistan government has allowed cotton imports from India, though with a set of rules which are being seen as “tough” by local importers there. A permit from the Department of Plant Protection of Pakistan’s food ministry would be mandatory for any trader to import unprocessed cotton, including raw or seed cotton, cotton lint, linters, cotton waste and cotton stuffing from India.

Cotton Association of India has called for the government to roll back the Reverse Charge Mechanism (RCM) of GST collection on kapas as it blocks their working capital and adds to costs. The Association has also asked the government for speedy resolution of pending RCM refunds. The Association has indicated that if the issue of RCM was not resolved in the next meeting of the GST Council to be held on 21st December 2017, they would go on an indefinite strike 22nd December 2017 onwards.

Cotton crops in Maharashtra and Telangana are said to have sustained large losses on account of pink bollworm attack. As much as 1.4 million hectare or about 30% of Maharashtra’s acreage is likely to have been affected. This will likely result into final crop estimates settling lower than the previous estimates. Cotton Association of India (CAI) in its first estimate for the cotton crop season 2017-18 beginning October 1, 2017 had put the country’s cotton crop at 375 lakh bales of 170 kg each compared to last year’s crop of 337.25 lakh bales.

India’s current cotton crop for the season ending this September is expected to be about 34.1 million bales.

The Cotton Corporation of India (CCI) has started procuring cotton in major districts of Andhra Pradesh which are Prakasam, Guntur, Kurnool and Krishna. So far, it has procured 30331.48 Qtls valued at 13.00 crore.

Despite higher production, adverse impact on quality and yields caused by pink bollworm attack on cotton in Maharashtra and Andhra Pradesh is expected to help keep prices above the MSP till fresh arrivals

According to the official figures, cotton has been sown on 123.17 lakh hectares as on October 6, 2017 across the country which is 20.20% higher than same time last year. Agriwatch expects production to rise by 15-18% to nearly 400 lakh bales.

The Cotton Association of India (CAI) predicted India to produce 375 lakh bales of cotton in 2017-18.

With a view to facilitate domestic manufacturing industry, the Indian government has raised basic customs duty (BCD) on polyester/man-made fabric from 10% to 20%. This will be supportive of cotton prices too.

Farmers are likely to increase the area under cotton amid expectation of good monsoon this season and higher price of cotton during the previous season. According to initial projections by the Central Institute of Cotton Research, Nagpur, the cotton area sown would be around 6 lakh hectares in Haryana (compared to 4.98 lakh hectares during 2016-17) and 4 lakh hectare in Punjab (compared to 2.56 lakh hectares in 2016-17)

International Fundamentals:

The International Cotton Advisory Committee (ICAC) had upraised its world's cotton output projection to 25.57 million tonnes in 2017-18 (01st October, 2017 -30th September, 2018).

Market player, Cotlook predicted global cotton production of 26.03 million tonnes in 2017-18 (01st October, 2017 -30th September, 2018).

According to fortnightly report issued by the Pakistan Cotton Ginners Association (PCGA) on Saturday, a total of 0.20 million bales were sold to exporters, which was 33.10 percent higher than 0.15 million bales last year.

According to China's General Administration of Customs, China imported 441,571 metric tonnes of cotton from U.S. during the period January –September 2017, an increase of 140.48% compared to the same period previous year. In the month of September 2017, China's imports of cotton from U.S. increased by 89.62% to 33,594 metric tonnes.

World cotton consumption is expected to increase by 2.7% from 24.56 MMT in 2016-17 to 25.22 MMT in 2017-18. Wherein, China, the world's largest cotton consumer, is expected to consume 8.1 MMT of cotton during 2017-18 which is 1.5% higher than its cotton consumption last year.

On the back of a higher production estimate in India and U.S, the International Cotton Advisory Committee (ICAC) projected world's cotton output to rise by 10% to 25.5 million tonnes in 2017-18 (01st October 2017 -30th September 2018). ICAC also projected cotton export of 3.1 MMT from U.S (which is the largest cotton exporter in the world) and an import of 1.4 MMT by Bangladesh in 2017-18. On the other hand, world' cotton consumption is expected to increase by 2.7% from 24.56 MMT in 2016-17 to 25.22 MMT in 2017-18. Wherein, China, the world's largest cotton consumer, is expected to consume 8.1 MMT of cotton during 2017-18 which is 1.5% higher than its cotton consumption last year.

NCDEX Kapas Futures*: (Prices in Rs/20kg)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Cont. (C1)	6	948.50	957	946.50	956.00	3331	-1469	7029	-2709

Spread	Cont (C1)								
	-5								
Spot					-		-		
	-				-		-		

Updated at 05:00 pm as on 01-Dec-2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-17	90	18740	18510	18680	18850	1109	-481	5584	-5128
Jan-17	110	18880	19030	18850	19020	383	1445	2303	-3149

Spread	DEC-17	Jan-17	-		-		--		
Spot					-		-		
Jan-17	-520				-		-		

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

* Updated at 05:00 pm as on 01-Dec 2017

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	1-Dec-17	30-Nov-17	
Gujarat	Ahmedabad	Shankar-6	4750	4750	Unch
	Gondal	Shankar-6	4725	4750	-25
	Rajkot	B.T. Cotton	4725	4760	-35
	Patan	B.T. Cotton	4775	4735	40
	Kadi	B.T. Cotton	4900	4800	100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	4640	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4825	4800	25
	Bhiwani	Desi	5700	5700	Unch
	Adampur	B.T. Cotton	4740	4710	30
	Fatehabad	B.T. Cotton	4780	4710	70
	Jind	B.T. Cotton	4850	4900	-50
	Uchana	B.T. Cotton	4763	NR	-
	Dabwali	B.T. Cotton	4600	4600	Unch
Rajasthan	Hanumangarh	B.T. Cotton	4800	4820	-20
	Rawatsar	B.T. Cotton	4650	4630	20
Madhya Pradesh	Khandwa	Mech-1	4550	4550	Unch
	Khargaon	Mech-1	4865	4730	135
Maharashtra	Amravati	Mech-1	4575	4575	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6000	6000	Unch
	Hathras	Desi	4600	4600	Unch
Telangana	Adilabad	Un-Ginned	4515	4500	15
Andhra Pradesh	Guntur	Un-Ginned	3700	3700	Unch
	Kurnool	Un-Ginned	NA	4395	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	4995	4939	56
	Hubli	D.C.H.	5159	5155	4
	Hubli	B.T. Cotton	6625	NA	-
	Raichur	H-44 Cotton	NA	4750	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	1-Dec-17	30-Nov-17	
Punjab	Bhatinda	J-34	3945	3910	35
	Abohar	J-34	3930	3910	20

	Mansa	J-34	3890	3885	5
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3910	3900	10
Rajasthan	Sri-Ganganagar	J-34	3666	3676	-9

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	1-Dec-17	30-Nov-17	
Gujarat	Ahmedabad	Shankar-6	68000	59500	8500
	Gondal	Shankar-6	2645	1992	653
	Rajkot	B.T. Cotton	5000	3750	1250
	Patan	B.T. Cotton	18234	18127	107
	Kadi	B.T. Cotton	45000	30000	15000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	587	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	2500	2000	500
	Bhiwani	Desi	20	10	10
	Adampur	B.T. Cotton	10000	1700	8300
	Fatehabad	B.T. Cotton	1400	1300	100
	Jind	B.T. Cotton	680	850	-170
	Uchana	B.T. Cotton	2845	NR	-
	Dabwali	B.T. Cotton	1125	950	175
Rajasthan	Hanumangarh	B.T. Cotton	3000	3200	-200
	Rawatsar	B.T. Cotton	4000	4000	Unch
Madhya Pradesh	Khandwa	Mech-1	200	300	-100
	Khargaon	Mech-1	7510	7480	30
Maharashtra	Amravati	Mech-1	10000	11000	-1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	12	12	Unch
	Hathras	Desi	30	30	Unch
Telangana	Adilabad	Un-Ginned	16623	17577	-954
Andhra Pradesh	Guntur	Un-Ginned	885	640	245
	Kurnool	Un-Ginned	NA	124	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	3970	4920	-950
	Hubli	D.C.H.	22	476	-454
	Hubli	B.T. Cotton	176	NA	-
	Raichur	H-44 Cotton	NA	1620	-
Commodity	Lint		Arrivals (Quintal)		Change

State	Centre	Variety	1-Dec-17	30-Nov-17	
Punjab	Bhatinda	J-34	7650	7650	Unch
	Abohar	J-34	680	1020	-340
	Mansa	J-34	1020	935	85
Haryana	Sirsa	J-34	2550	2550	Unch
Rajasthan	Sri-Ganganagar	J-34	700	6000	-5300

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				30-Nov-17	29-Nov-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40500	40300	200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41200	41200	Unch
J-34(202)	26mm	3.5 - 4.9	23	36500	36300	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	36600	36400	200
Shankar-6(105)	29mm	3.5 - 4.9	28	37500	37300	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	38800	38600	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	41100	40900	200
DCH-32(107)	34mm	3.0 - 3.8	33	50600	50600	Unch

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

Centre	Unit	Price		Change
		1-Dec-17	30-Nov-17	
Rajkot	Rs. /10 Kg.	685	678	7
New Delhi	Rs. /10 Kg.	685	680	5
Hyderabad	Rs. /10 Kg.	685	685	Unch
Mumbai	Rs. /10 Kg.	695	695	Unch

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

Centre	Unit	Price		Change
		1-Dec-17	30-Nov-17	
Mahesana (Kadi)	Rs./Qtl	1598	1571	27
Akola	Rs./Qtl	1589	1590	-1

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 01-December-2017

Index	RMB/Ton	Change
CCIndex(328)	15845	-15
CCIndex(527)	14813	-9
CCIndex(229)	16353	-16
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 01-December-2017

Index	Cents/lb	Change
FC Index (S)	86.31	-1.38
FC Index (M)	83.14	-0.24
FC Index (L)	81.73	-0.48

Cotlook Index: As on 30th-November-2017

Cotlook Indices	Cents/Pound	Change
A-Index	83.70	1.25

USDA Cotton Spot Rates: As on 30-November-2017

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	73.56	75.31	NIL
North Delta	72.06	73.81	NIL
South Delta	72.06	73.81	NIL
East TX-OK	70.25	72.00	3972
West Texas	70.25	72.25	10755
Desert SW	67.56	71.56	NIL
SJ Valley	68.81	77.71	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 30-November-2017

Contract	Open	High	Low	Close	Change
Dec-17	75.54	75.54	74.50	75.04	-0.48
Mar-18	73.33	73.45	72.28	72.81	-0.62
May-18	73.80	73.90	72.93	73.48	-0.49
Jul-18	74.01	74.01	73.25	73.83	-0.32
Oct-18	71.69	71.69	71.69	71.69	-0.01

Dec-18	70.73	71.00	70.60	70.71	-0.26
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Pakistan Cotton Spot rates: As on 30-November-2017				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6600	145	6745
Equivalent	40 Kgs	7073	155	7228

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