

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	2-Dec-17	1-Dec-17	
Gujarat	Ahmedabad	Shankar-6	4800	4750	50
	Gondal	Shankar-6	Closed	4725	-
	Rajkot	B.T. Cotton	4750	4725	25
	Patan	B.T. Cotton	4800	4775	25
	Kadi	B.T. Cotton	4800	4900	-100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4770	NR	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4860	4825	35
	Bhiwani	Desi	5700	5700	Unch
	Adampur	B.T. Cotton	4700	4740	-40
	Fatehabad	B.T. Cotton	4750	4780	-30
	Jind	B.T. Cotton	4990	4850	140
	Uchana	B.T. Cotton	4770	4763	7
	Dabwali	B.T. Cotton	4635	4600	35
Rajasthan	Hanumangarh	B.T. Cotton	4800	4800	Unch
	Rawatsar	B.T. Cotton	4650	4650	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	4550	-
	Khargaon	Mech-1	4730	4865	-135
Maharashtra	Amravati	Mech-1	4600	4575	25
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5800	6000	-200
	Hathras	Desi	4700	4600	100
Telangana	Adilabad	Un-Ginned	4515	4515	Unch
Andhra Pradesh	Guntur	Un-Ginned	NA	3700	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	4995	-
	Hubli	D.C.H.	NA	5159	-
	Hubli	B.T. Cotton	NA	6625	-
	Raichur	H-44 Cotton	NA	4800	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	2-Dec-17	1-Dec-17	
Punjab	Bhatinda	J-34	3945	3945	Unch
	Abohar	J-34	3945	3930	15
	Mansa	J-34	3905	3890	15

	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3920	3910	10
Rajasthan	Sri-Ganganagar	J-34	3666	3666	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	2-Dec-17	1-Dec-17	
Gujarat	Ahmedabad	Shankar-6	68000	68000	Unch
	Gondal	Shankar-6	Closed	2645	-
	Rajkot	B.T. Cotton	5200	5000	200
	Patan	B.T. Cotton	19349	18234	1115
	Kadi	B.T. Cotton	40000	45000	-5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	475	NR	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	3000	2500	500
	Bhiwani	Desi	20	20	Unch
	Adampur	B.T. Cotton	8000	10000	-2001
	Fatehabad	B.T. Cotton	1600	1400	200
	Jind	B.T. Cotton	850	680	170
	Uchana	B.T. Cotton	3410	2845	565
	Dabwali	B.T. Cotton	950	1125	-175
Rajasthan	Hanumangarh	B.T. Cotton	4000	3000	1000
	Rawatsar	B.T. Cotton	7000	4000	3000
Madhya Pradesh	Khandwa	Mech-1	Closed	200	-
	Khargaon	Mech-1	9140	7510	1630
Maharashtra	Amravati	Mech-1	7000	10000	-3000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	12	-
	Hathras	Desi	12	30	-18
Telangana	Adilabad	Un-Ginned	16633	16623	10
Andhra Pradesh	Guntur	Un-Ginned	NA	885	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	3970	-
	Hubli	D.C.H.	NA	22	-
	Hubli	B.T. Cotton	NA	176	-
	Raichur	H-44 Cotton	NA	1395	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	2-Dec-17	1-Dec-17	

Punjab	Bhatinda	J-34	8500	7650	850
	Abohar	J-34	1360	680	680
	Mansa	J-34	850	1020	-170
Haryana	Sirsa	J-34	2550	2550	Unch
Rajasthan	Sri-Ganganagar	J-34	700	700	Unch

DOMESTIC PRICES AND ARRIVALS

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				1-Dec-17	30-Nov-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40600	40500	100
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41300	41200	100
J-34(202)	26mm	3.5 - 4.9	23	36800	36500	300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	36800	36600	200
Shankar-6(105)	29mm	3.5 - 4.9	28	37700	37500	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39000	38800	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	41300	41100	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
		2-Dec-17	1-Dec-17	
Rajkot	Rs. /10 Kg.	690	685	5
New Delhi	Rs. /10 Kg.	685	685	Unch
Hyderabad	Rs. /10 Kg.	Closed	685	-
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
		2-Dec-17	1-Dec-17	
Mahesana (Kadi)	Rs./Qtl	1596	1598	-2
Akola	Rs./Qtl	1591	1589	2

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 01-December-2017

Index	RMB/Ton	Change
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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 01st-December-2017

Cotlook Indices	Cents/Pound	Change
A-Index	83.15	-0.55

USDA Cotton Spot Rates: As on 01-December-2017

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	74.03	75.78	106
North Delta	72.53	74.28	NIL
South Delta	72.53	74.28	NIL
East TX-OK	70.75	72.50	3114
West Texas	70.75	72.75	8082
Desert SW	68.03	72.03	NIL
SJ Valley	69.28	78.18	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.): Ason 01-December-2017

Contract	Open	High	Low	Close	Change
Dec-17	75.75	75.82	75.00	75.43	0.39
Mar-18	72.81	73.41	72.66	73.28	0.47
May-18	73.42	73.98	73.35	73.77	0.29
Jul-18	73.80	74.26	73.74	74.05	0.22
Oct-18	71.84	71.84	71.84	71.84	0.15
Dec-18	70.80	71.44	70.68	71.21	0.50

Pakistan Cotton Spot rates: As on 01-December-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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