

### Domestic Fundamentals:

**Market Outlook:** Cotton spot markets witnessed mixed tone on Friday.

**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 21<sup>st</sup> December 2017, they would go on an indefinite strike 22<sup>nd</sup> 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)	10	964	974	961	680.50	3123	208	6634	395

Spread	Cont (C1)								
	-24								
Spot					-		-		
	-				-		-		

Updated at 05:00 pm as on 04-Dec-2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-17	250	18910	19190	18910	19100	2999	-1890	5519	65
Jan-17	280	19080	19440	19080	19330	3259	-956	3901	-3149

Spread	DEC-17	Jan-17	-		-		--		
Spot					-		-		
Jan-17	-250				-		-		

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

\* Updated at 05:00 pm as on 04-Dec 2017

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

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	4-Dec-17	2-Dec-17	
Gujarat	Ahmedabad	Shankar-6	4850	4800	50
	Gondal	Shankar-6	4800	Closed	-
	Rajkot	B.T. Cotton	4890	4750	140
	Patan	B.T. Cotton	4875	4800	75
	Kadi	B.T. Cotton	5000	4800	200
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4785	4770	15
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4950	4860	90
	Bhiwani	Desi	5800	5700	100
	Adampur	B.T. Cotton	4760	4700	60
	Fatehabad	B.T. Cotton	4800	4750	50
	Jind	B.T. Cotton	5000	4990	10
	Uchana	B.T. Cotton	4780	4770	10
	Dabwali	B.T. Cotton	4690	4635	55
Rajasthan	Hanumangarh	B.T. Cotton	4800	4800	Unch
	Rawatsar	B.T. Cotton	4625	4650	-25
Madhya Pradesh	Khandwa	Mech-1	4750	Closed	-
	Khargaon	Mech-1	NR	4730	-
Maharashtra	Amravati	Mech-1	4525	4600	-75
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	5800	-
	Hathras	Desi	NR	4700	-
Telangana	Adilabad	Un-Ginned	4575	4515	60
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4320	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	4-Dec-17	2-Dec-17	
Punjab	Bhatinda	J-34	3975	3945	30
	Abohar	J-34	3975	3945	30
	Mansa	J-34	3945	3905	40
	Muktsar	J-34	NR	NR	-

	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3950	3920	30
Rajasthan	Sri-Ganganagar	J-34	3713	3666	47

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	4-Dec-17	2-Dec-17	
Gujarat	Ahmedabad	Shankar-6	59500	68000	-8500
	Gondal	Shankar-6	3546	Closed	-
	Rajkot	B.T. Cotton	6400	5200	1200
	Patan	B.T. Cotton	19022	19349	-327
	Kadi	B.T. Cotton	60000	40000	20000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	133	475	-342
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	2000	3000	-1000
	Bhiwani	Desi	15	20	-5
	Adampur	B.T. Cotton	8000	8000	Unch
	Fatehabad	B.T. Cotton	1500	1600	-100
	Jind	B.T. Cotton	765	850	-85
	Uchana	B.T. Cotton	4450	3410	1040
	Dabwali	B.T. Cotton	1450	950	500
Rajasthan	Hanumangarh	B.T. Cotton	4000	4000	Unch
	Rawatsar	B.T. Cotton	5000	7000	-2000
Madhya Pradesh	Khandwa	Mech-1	800	Closed	-
	Khargaon	Mech-1	NR	9140	-
Maharashtra	Amravati	Mech-1	8000	7000	1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	NA	-
	Hathras	Desi	NR	12	-
Telangana	Adilabad	Un-Ginned	NA	16633	-
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	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	4-Dec-17	2-Dec-17	
Punjab	Bhatinda	J-34	7650	8500	-850

	Abohar	J-34	1360	1360	Unch
	Mansa	J-34	850	850	Unch
<b>Haryana</b>	Sirsa	J-34	2550	2550	Unch
<b>Rajasthan</b>	Sri-Ganganagar	J-34	700	700	Unch

### DOMESTIC PRICES AND ARRIVALS

<b>Cotton Association of India Spot Rates:</b>						
Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				2-Dec-17	1-Dec-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40600	40600	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41300	41300	Unch
J-34(202)	26mm	3.5 - 4.9	23	37000	36800	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	36800	36800	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	37700	37700	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39000	39000	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	41300	41300	Unch
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
		4-Dec-17	2-Dec-17	
Rajkot	Rs. /10 Kg.	690	690	Unch
New Delhi	Rs. /10 Kg.	685	685	Unch
Hyderabad	Rs. /10 Kg.	685	Closed	-
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
		4-Dec-17	2-Dec-17	
Mahesana (Kadi)	Rs./Qtl	1645	1596	49
Akola	Rs./Qtl	1621	1591	30

### INTERNATIONAL PRICES AND INDICES

<b>China Cotton Index: As on 04-December-2017</b>		
Index	RMB/Ton	Change
CCIndex(328)	15846	1

CCIndex(527)	14811	-2
CCIndex(229)	16357	4
RMB -Renminbi, 1RMB =0.16 \$U.S.		

**China Foreign Cotton (FCE) Index : As on 04-December-2017**

Index	Cents/lb	Change
FC Index (S)	86.73	0.42
FC Index (M)	83.73	0.59
FC Index (L)	82.21	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 02-December-2017**

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
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<b>Cotton</b>	<b>37.32 Kgs</b>	6600	145	6745
<b>Equivalent</b>	<b>40 Kgs</b>	7073	155	7228

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