

### Domestic Fundamentals:

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

**In The News:** The Cotton Corporation of India (CCI) has procured 1.29 lakh tonnes of cotton in Telangana so far this season. The CCI made these purchases from 243 centres that it set up for the season. And also opened its collection centres in 202 ginning mills and 41 public market yards.

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:

Global cotton area for 2017-18 is projected to increase by 11 per cent to 32.5 million hectares. As a result, global cotton production is forecast to grow by 12 per cent during 2017-18, compared to 7 per cent growth in 2016-17, the International Cotton Advisory Committee (ICAC).

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).

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.

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.

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

| Contract          | +/- | Open | High | Low | Close | Volume | Change | OI   | Change |
|-------------------|-----|------|------|-----|-------|--------|--------|------|--------|
| <b>Cont. (C1)</b> | -10 | 963  | 963  | 942 | 951   | 3745   | -1538  | 6957 | -323   |

|               |                  |  |  |  |  |  |  |  |  |
|---------------|------------------|--|--|--|--|--|--|--|--|
| <b>Spread</b> | <b>Cont (C1)</b> |  |  |  |  |  |  |  |  |
|               | 19               |  |  |  |  |  |  |  |  |
| <b>Spot</b>   |                  |  |  |  |  |  |  |  |  |
|               |                  |  |  |  |  |  |  |  |  |
|               |                  |  |  |  |  |  |  |  |  |

Updated at 05:00 pm as on 06-Dec-2017

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

| Contract      | +/- | Open  | High  | Low   | Close | Volume | Change | OI   | Change |
|---------------|-----|-------|-------|-------|-------|--------|--------|------|--------|
| <b>Dec-17</b> | -70 | 18930 | 18940 | 18810 | 18850 | 902    | 232    | 5244 | 71     |
| <b>Jan-17</b> | -60 | 19160 | 18940 | 19040 | 19080 | 579    | 449    | 4232 | -124   |

|               |               |               |  |  |  |  |  |  |  |
|---------------|---------------|---------------|--|--|--|--|--|--|--|
| <b>Spread</b> | <b>DEC-17</b> | <b>Jan-17</b> |  |  |  |  |  |  |  |
|               |               |               |  |  |  |  |  |  |  |
| <b>Spot</b>   |               |               |  |  |  |  |  |  |  |
|               |               |               |  |  |  |  |  |  |  |
| <b>Jan-17</b> | -220          |               |  |  |  |  |  |  |  |

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

\* Updated at 05:00 pm as on 06-Dec 2017

### DOMESTIC PRICES AND ARRIVALS

#### Cotton Prices at Key Spot Markets:

| Commodity      | Kapas         |               | Prices (Rs./Quintal) |          | Change |
|----------------|---------------|---------------|----------------------|----------|--------|
| State          | Centre        | Variety       | 6-Dec-17             | 5-Dec-17 |        |
| Gujarat        | Ahmedabad     | Shankar-6     | 4850                 | 4850     | Unch   |
|                | Gondal        | Shankar-6     | NA                   | 4825     | -      |
|                | Rajkot        | B.T. Cotton   | 4770                 | 4910     | -140   |
|                | Patan         | B.T. Cotton   | NR                   | 4830     | -      |
|                | Kadi          | B.T. Cotton   | 4900                 | 5000     | -100   |
|                | Deesa         | B.T. Cotton   | NA                   | NA       | -      |
|                | Dhrol         | B.T. Cotton   | NA                   | NA       | -      |
| Punjab         | Fazilika      | B.T. Cotton   | NR                   | NR       | -      |
|                | Muktsar       | B.T. Cotton   | NR                   | NR       | -      |
| Haryana        | Bhiwani       | B.T. Cotton   | 4950                 | 4950     | Unch   |
|                | Bhiwani       | Desi          | 5750                 | 5700     | 50     |
|                | Adampur       | B.T. Cotton   | 4760                 | 4770     | -10    |
|                | Fatehabad     | B.T. Cotton   | 4780                 | 4800     | -20    |
|                | Jind          | B.T. Cotton   | 4950                 | 5030     | -80    |
|                | Uchana        | B.T. Cotton   | 4791                 | 4821     | -30    |
|                | Dabwali       | B.T. Cotton   | 4625                 | 4695     | -70    |
| Rajasthan      | Hanumangarh   | B.T. Cotton   | 4800                 | 4825     | -25    |
|                | Rawatsar      | B.T. Cotton   | 4690                 | 4700     | -10    |
| Madhya Pradesh | Khandwa       | Mech-1        | 4700                 | 4750     | -50    |
|                | Khargaon      | Mech-1        | 4820                 | 4825     | -5     |
| Maharashtra    | Amravati      | Mech-1        | 4650                 | 4550     | 100    |
|                | Jamner        | Medium Staple | NA                   | NA       | -      |
| Uttar Pradesh  | Hathras       | B.T. Cotton   | NA                   | NA       | -      |
|                | Hathras       | Desi          | 4500                 | NA       | -      |
| Telangana      | Adilabad      | Un-Ginned     | 4570                 | 4580     | -10    |
| Andhra Pradesh | Guntur        | Un-Ginned     | NA                   | 4000     | -      |
|                | Kurnool       | Un-Ginned     | 4786                 | NA       | -      |
|                | Krishna       | Un-Ginned     | NA                   | NA       | -      |
|                | East Godavari | Un-Ginned     | 4320                 | 4320     | Unch   |
| Karnataka      | Bijapur       | Bunny         | 5109                 | 5109     | Unch   |
|                | Hubli         | D.C.H.        | 5209                 | 5189     | 20     |
|                | Hubli         | B.T. Cotton   | 7061                 | 7059     | 2      |
|                | Raichur       | H-44 Cotton   | 4900                 | 4911     | -11    |
| Commodity      | Lint          |               | Prices (Rs./Maund)   |          | Change |
| State          | Centre        | Variety       | 6-Dec-17             | 5-Dec-17 |        |
| Punjab         | Bhatinda      | J-34          | 3985                 | 3985     | Unch   |
|                | Abohar        | J-34          | 3985                 | 3985     | Unch   |
|                | Mansa         | J-34          | 3960                 | 3955     | 5      |

|                  |                |      |      |      |             |
|------------------|----------------|------|------|------|-------------|
|                  | Muktsar        | J-34 | NR   | NR   | -           |
|                  | Fazilika       | J-34 | NR   | NR   | -           |
| <b>Haryana</b>   | Sirsa          | J-34 | 3955 | 3960 | <b>-5</b>   |
| <b>Rajasthan</b> | Sri-Ganganagar | J-34 | 3732 | 3732 | <b>Unch</b> |

**Cotton Arrivals in Key Centers:**

| Commodity      | Kapas         |               | Arrivals (Quintal) |          | Change |
|----------------|---------------|---------------|--------------------|----------|--------|
| State          | Centre        | Variety       | 6-Dec-17           | 5-Dec-17 |        |
| Gujarat        | Ahmedabad     | Shankar-6     | 34000              | 59500    | -25500 |
|                | Gondal        | Shankar-6     | NA                 | 2060     | -      |
|                | Rajkot        | B.T. Cotton   | 120                | 3000     | -2880  |
|                | Patan         | B.T. Cotton   | NR                 | 13375    | -      |
|                | Kadi          | B.T. Cotton   | 40000              | 70000    | -30000 |
|                | Deesa         | B.T. Cotton   | NA                 | NA       | -      |
|                | Dhrol         | B.T. Cotton   | NA                 | NA       | -      |
| Punjab         | Fazilika      | B.T. Cotton   | NR                 | NR       | -      |
|                | Muktsar       | B.T. Cotton   | NR                 | NR       | -      |
| Haryana        | Bhiwani       | B.T. Cotton   | 3500               | 2000     | 1500   |
|                | Bhiwani       | Desi          | 10                 | 10       | Unch   |
|                | Adampur       | B.T. Cotton   | 8000               | 8000     | Unch   |
|                | Fatehabad     | B.T. Cotton   | 1500               | 1400     | 100    |
|                | Jind          | B.T. Cotton   | 850                | 680      | 170    |
|                | Uchana        | B.T. Cotton   | 3820               | 3705     | 115    |
|                | Dabwali       | B.T. Cotton   | 1450               | 1150     | 300    |
| Rajasthan      | Hanumangarh   | B.T. Cotton   | 4000               | 4000     | Unch   |
|                | Rawatsar      | B.T. Cotton   | 4000               | 4000     | Unch   |
| Madhya Pradesh | Khandwa       | Mech-1        | 600                | 500      | 100    |
|                | Khargaon      | Mech-1        | 7250               | 1010     | 6240   |
| Maharashtra    | Amravati      | Mech-1        | 10000              | 6000     | 4000   |
|                | Jamner        | Medium Staple | NA                 | NA       | -      |
| Uttar Pradesh  | Hathras       | B.T. Cotton   | NA                 | NA       | -      |
|                | Hathras       | Desi          | 12                 | NA       | -      |
| Telangana      | Adilabad      | Un-Ginned     | 19233              | 24259    | -5026  |
| Andhra Pradesh | Guntur        | Un-Ginned     | NA                 | 1940     | -      |
|                | Kurnool       | Un-Ginned     | 92                 | NA       | -      |
|                | Krishna       | Un-Ginned     | NA                 | NA       | -      |
|                | East Godavari | Un-Ginned     | NA                 | NA       | -      |
| Karnataka      | Bijapur       | Bunny         | 2860               | 2861     | -1     |
|                | Hubli         | D.C.H.        | 44                 | 14       | 30     |
|                | Hubli         | B.T. Cotton   | 52                 | 4        | 48     |
|                | Raichur       | H-44 Cotton   | 1642               | 1545     | 97     |

| Commodity | Lint           |         | Arrivals (Quintal) |          | Change |
|-----------|----------------|---------|--------------------|----------|--------|
| State     | Centre         | Variety | 6-Dec-17           | 5-Dec-17 |        |
| Punjab    | Bhatinda       | J-34    | 8500               | 11050    | -2550  |
|           | Abohar         | J-34    | 1530               | 1190     | 340    |
|           | Mansa          | J-34    | 1020               | 850      | 170    |
| Haryana   | Sirsa          | J-34    | 2550               | 2550     | Unch   |
| Rajasthan | Sri-Ganganagar | J-34    | 7000               | 6000     | 1000   |

**Cotton Association of India Spot Rates:**

| Trade Name                            | Staple     | Micronaire | Strength/<br>GPT | Rs. Per Candy | Rs. Per Candy | Change |
|---------------------------------------|------------|------------|------------------|---------------|---------------|--------|
|                                       |            |            |                  | 5-Dec-17      | 4-Dec-17      |        |
| Bengal Deshi (RG)/Assam Comilla (101) | Below 22mm | 5.0 - 7.0  | 15               | 40700         | 40800         | -100   |
| Bengal Deshi (SG)(201)                | Below 22mm | 5.0 - 7.0  | 15               | 41400         | 41500         | -100   |
| J-34(202)                             | 26mm       | 3.5 - 4.9  | 23               | 37100         | 37200         | -100   |
| H-4/ MECH-1(105)                      | 28mm       | 3.5 - 4.9  | 27               | 36700         | 36900         | -200   |
| Shankar-6(105)                        | 29mm       | 3.5 - 4.9  | 28               | 38000         | 38000         | Unch   |
| Bunny/ Brahma(105)                    | 31mm       | 3.5 - 4.9  | 30               | 39200         | 39200         | Unch   |
| MCU-5/ Surabhi(106)                   | 32mm       | 3.3 - 4.9  | 31               | 41600         | 41600         | Unch   |
| DCH-32(107)                           | 34mm       | 3.0 - 3.8  | 33               | 51600         | 51100         | 500    |

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

| Centre    | Unit        | Price    |          | Change |
|-----------|-------------|----------|----------|--------|
|           |             | 6-Dec-17 | 5-Dec-17 |        |
| Rajkot    | Rs. /10 Kg. | 675      | 680      | -5     |
| New Delhi | Rs. /10 Kg. | 680      | 680      | Unch   |
| Hyderabad | Rs. /10 Kg. | 680      | 685      | -5     |
| Mumbai    | Rs. /10 Kg. | 705      | 705      | Unch   |

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

| Centre          | Unit    | Price    |          | Change |
|-----------------|---------|----------|----------|--------|
|                 |         | 6-Dec-17 | 5-Dec-17 |        |
| Mahesana (Kadi) | Rs./Qtl | 1635     | 1643     | -8     |
| Akola           | Rs./Qtl | 1619     | 1625     | -6     |

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 6-December-2017**

| Index                            | RMB/Ton | Change |
|----------------------------------|---------|--------|
| CCIndex(328)                     | 15843   | 2      |
| CCIndex(527)                     | 14813   | 2      |
| CCIndex(229)                     | 16355   | 1      |
| RMB -Renminbi, 1RMB =0.16 \$U.S. |         |        |

**China Foreign Cotton (FCE) Index : As on 6-December-2017**

| Index        | Cents/lb | Change |
|--------------|----------|--------|
| FC Index (S) | 86.40    | Unch   |
| FC Index (M) | 83.47    | Unch   |
| FC Index (L) | 81.73    | Unch   |

**Cotlook Index: As on 5th-December-2017**

| Cotlook Indices | Cents/Pound | Change |
|-----------------|-------------|--------|
| A-Index         | 82.95       | -0.70  |

**USDA Cotton Spot Rates: As on 5th-December-2017**

| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|---------------------|---------------------|----------|
|             | cents/lb.           |                     | Bales    |
| Southeast   | 73.51               | 75.26               | 1371     |
| North Delta | 71.76               | 73.51               | NIL      |
| South Delta | 71.76               | 73.51               | NIL      |
| East TX-OK  | 70.50               | 72.25               | 5403     |
| West Texas  | 70.50               | 72.50               | 10746    |
| Desert SW   | 67.26               | 71.26               | 388      |
| SJ Valley   | 68.51               | 77.41               | 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 5th-December-2017**

| Contract | Open  | High  | Low   | Close | Change |
|----------|-------|-------|-------|-------|--------|
| Dec-17   | 75.00 | 75.42 | 74.80 | 74.96 | -0.07  |
| Mar-18   | 72.50 | 73.15 | 72.14 | 72.51 | -0.07  |
| May-18   | 73.25 | 73.91 | 72.94 | 73.27 | -0.02  |
| Jul-18   | 73.70 | 74.25 | 73.33 | 73.71 | unch   |
| Oct-18   | 72.43 | 72.43 | 72.43 | 72.43 | 0.47   |
| Dec-18   | 71.25 | 71.85 | 71.20 | 71.82 | 0.41   |

| <b>Pakistan Cotton Spot rates: As on 5th-December-2017</b> |                  |                     |                         | <b>(in Pakistan Rupees)</b> |
|--|------------------|---------------------|-------------------------|-----------------------------|
| <b>Product</b>   | <b>Rate for</b>  | <b>Ex-Gin Price</b> | <b>Up Country Sales</b> | <b>Spot Rate Karachi</b>    |
| <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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