

### Domestic Fundamentals:

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

**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>	4	948	955	947	954	3745	1206	6915	42

Spread	Cont (C1)								
	-15								
Spot									

Updated at 05:00 pm as on 07-Dec-2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
<b>Dec-17</b>	-30	18920	18930	18830	18870	730	172	4842	402
<b>Jan-17</b>	-20	19110	19150	19050	19080	307	272	4301	-69

Spread	DEC-17	Jan-17							
Spot									

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

\* Updated at 05:00 pm as on 07-Dec 2017

### DOMESTIC PRICES AND ARRIVALS

#### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	7-Dec-17	6-Dec-17	
Gujarat	Ahmedabad	Shankar-6	4800	4850	-50
	Gondal	Shankar-6	4800	NA	-
	Rajkot	B.T. Cotton	4900	4770	130
	Patan	B.T. Cotton	4855	NR	-
	Kadi	B.T. Cotton	4950	4900	50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4760	NA	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4850	4950	-100
	Bhiwani	Desi	5750	5750	Unch
	Adampur	B.T. Cotton	4710	4760	-50
	Fatehabad	B.T. Cotton	4750	4780	-30
	Jind	B.T. Cotton	4900	4950	-50
	Uchana	B.T. Cotton	4777	4791	-14
	Dabwali	B.T. Cotton	4575	4625	-50
Rajasthan	Hanumangarh	B.T. Cotton	4800	4800	Unch
	Rawatsar	B.T. Cotton	4750	4690	60
Madhya Pradesh	Khandwa	Mech-1	4700	4700	Unch
	Khargaon	Mech-1	4745	4820	-75
Maharashtra	Amravati	Mech-1	4700	4650	50
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5800	NA	-
	Hathras	Desi	4500	4500	Unch
Telangana	Adilabad	Un-Ginned	4575	4570	5
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	4839	4786	53
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4320	4320	Unch
Karnataka	Bijapur	Bunny	5208	5109	99
	Hubli	D.C.H.	5269	5209	60
	Hubli	B.T. Cotton	7129	7061	68
	Raichur	H-44 Cotton	4900	4900	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	7-Dec-17	6-Dec-17	
Punjab	Bhatinda	J-34	3975	3985	-10
	Abohar	J-34	3980	3985	-5

	Mansa	J-34	3950	3960	-10
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3950	3955	-5
Rajasthan	Sri-Ganganagar	J-34	3723	3732	-9

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	7-Dec-17	6-Dec-17	
Gujarat	Ahmedabad	Shankar-6	51000	34000	17000
	Gondal	Shankar-6	1394	NA	-
	Rajkot	B.T. Cotton	2400	120	2280
	Patan	B.T. Cotton	6330	NR	-
	Kadi	B.T. Cotton	55000	40000	15000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	125	NA	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	2500	3500	-1000
	Bhiwani	Desi	10	10	Unch
	Adampur	B.T. Cotton	8000	8000	Unch
	Fatehabad	B.T. Cotton	1400	1500	-100
	Jind	B.T. Cotton	680	850	-170
	Uchana	B.T. Cotton	3780	3820	-40
	Dabwali	B.T. Cotton	950	1450	-500
Rajasthan	Hanumangarh	B.T. Cotton	3500	4000	-500
	Rawatsar	B.T. Cotton	4000	4000	Unch
Madhya Pradesh	Khandwa	Mech-1	500	600	-100
	Khargaon	Mech-1	2020	7250	-5230
Maharashtra	Amravati	Mech-1	12000	10000	2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	12	12	Unch
Telangana	Adilabad	Un-Ginned	17944	19233	-1289
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	207	92	115
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	4190	2860	1330
	Hubli	D.C.H.	90	44	46
	Hubli	B.T. Cotton	178	52	126
	Raichur	H-44 Cotton	1640	1642	-2

Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	7-Dec-17	6-Dec-17	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	1360	1530	-170
	Mansa	J-34	850	1020	-170
Haryana	Sirsa	J-34	3400	2550	850
Rajasthan	Sri-Ganganagar	J-34	6000	7000	-1000

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				6-Dec-17	5-Dec-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40700	40700	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41400	41400	Unch
J-34(202)	26mm	3.5 - 4.9	23	37100	37100	Unch
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	36700	36700	Unch
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	52100	51600	500

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

Centre	Unit	Price		Change
		7-Dec-17	6-Dec-17	
Rajkot	Rs. /10 Kg.	675	675	Unch
New Delhi	Rs. /10 Kg.	675	680	-5
Hyderabad	Rs. /10 Kg.	675	680	-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
		7-Dec-17	6-Dec-17	
Mahesana (Kadi)	Rs./Qtl	1617	1635	-18
Akola	Rs./Qtl	1619	1619	Unch

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 7-December-2017**

Index	RMB/Ton	Change
CCIndex(328)	15842	-1
CCIndex(527)	14795	-18
CCIndex(229)	16355	Unch
RMB -Renminbi, 1RMB =0.16 \$U.S.		

**China Foreign Cotton (FCE) Index : As on 7-December-2017**

Index	Cents/lb	Change
FC Index (S)	86.64	0.24
FC Index (M)	83.67	0.20
FC Index (L)	81.97	0.24

**Cotlook Index: As on 6th-December-2017**

Cotlook Indices	Cents/Pound	Change
A-Index	82.95	Unch

**USDA Cotton Spot Rates: As on 6th-December-2017**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	73.72	75.47	1167
North Delta	71.97	73.72	NIL
South Delta	71.97	73.72	NIL
East TX-OK	70.75	72.50	8088
West Texas	70.75	72.75	14419
Desert SW	67.47	71.47	NIL
SJ Valley	68.72	77.62	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 6th-December-2017**

Contract	Open	High	Low	Close	Change
Dec-17	75.17	75.17	75.17	75.17	0.21
Mar-18	72.44	73.27	72.44	72.72	0.21
May-18	73.37	73.88	73.22	73.39	0.12
Jul-18	73.72	74.22	73.66	73.80	0.09
Oct-18	72.41	72.41	72.41	72.41	-0.02
Dec-18	71.76	71.95	71.6	71.88	0.06

<u>Pakistan Cotton Spot rates: As on 6th-December-2017</u>				(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

### Disclaimer

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