

Domestic Fundamentals:

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

In The News: 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 35542.04 Qtls valued at 15.24 crore.

In a major action against faulty Bt cotton seeds in the Maharashtra, the agriculture department has seized failed seeds worth 24 crore from an unnotified godown in Aurangabad. After department officials got a tip-off, the quality control cell of the agriculture commissionerate seized 1,279 quintals of Bt cotton seeds produced by Green Gold seeds, which had either expired or were mixed with non-Bt seeds but were to be sold as Bt seeds.

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 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.

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
Cont. (C1)	18.5	961	973	957	970.5	4245	-3039	6568	347

Spread	Cont (C1)		
Spot	-7	-	-
	-	-	-

Updated at 05:00 pm as on 08-Dec-2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-17	240	18900	19090	18900	19070	1277	-547	4836	6
Jan-17	270	19190	19320	19180	19320	1024	-717	4560	-259

Spread	DEC-17	Jan-17	-	-	--	--
Spot				-	-	-
Jan-17	-230			-	-	-

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

* Updated at 05:00 pm as on 08-Dec 2017

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	8-Dec-17	7-Dec-17	
Gujarat	Ahmedabad	Shankar-6	4850	4800	50
	Gondal	Shankar-6	4850	4800	50
	Rajkot	B.T. Cotton	4925	4900	25
	Patan	B.T. Cotton	4860	4855	5
	Kadi	B.T. Cotton	4950	4950	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4780	4760	20
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4950	4850	100
	Bhiwani	Desi	5750	5750	Unch
	Adampur	B.T. Cotton	4700	4710	-10
	Fatehabad	B.T. Cotton	4780	4750	30
	Jind	B.T. Cotton	4900	4900	Unch
	Uchana	B.T. Cotton	4746	4777	-31
	Dabwali	B.T. Cotton	4640	4575	65
Rajasthan	Hanumangarh	B.T. Cotton	4850	4800	50
	Rawatsar	B.T. Cotton	4750	4750	Unch
Madhya Pradesh	Khandwa	Mech-1	4750	4700	50
	Khargaon	Mech-1	4880	4745	135
Maharashtra	Amravati	Mech-1	4625	4700	-75
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5800	5800	Unch
	Hathras	Desi	4500	4500	Unch
Telangana	Adilabad	Un-Ginned	4575	4575	Unch
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	4919	4839	80
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	4320	-
Karnataka	Bijapur	Bunny	5272	5208	64
	Hubli	D.C.H.	5279	5269	10
	Hubli	B.T. Cotton	7090	7129	-39
	Raichur	H-44 Cotton	4900	4900	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	8-Dec-17	7-Dec-17	
Punjab	Bhatinda	J-34	3970	3975	-5
	Abohar	J-34	3990	3980	10
	Mansa	J-34	3960	3950	10

	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3960	3950	10
Rajasthan	Sri-Ganganagar	J-34	3737	3723	14

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	8-Dec-17	7-Dec-17	
Gujarat	Ahmedabad	Shankar-6	59500	51000	8500
	Gondal	Shankar-6	2847	1394	1453
	Rajkot	B.T. Cotton	4400	2400	2000
	Patan	B.T. Cotton	22067	6330	15737
	Kadi	B.T. Cotton	50000	55000	-5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	450	125	325
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	3000	2500	500
	Bhiwani	Desi	20	10	10
	Adampur	B.T. Cotton	7055	8000	-945
	Fatehabad	B.T. Cotton	1600	1400	200
	Jind	B.T. Cotton	1020	680	340
	Uchana	B.T. Cotton	3855	3780	75
	Dabwali	B.T. Cotton	825	950	-125
Rajasthan	Hanumangarh	B.T. Cotton	3000	3500	-500
	Rawatsar	B.T. Cotton	4000	4000	Unch
Madhya Pradesh	Khandwa	Mech-1	700	500	200
	Khargaon	Mech-1	3960	2020	1940
Maharashtra	Amravati	Mech-1	11000	12000	-1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	12	12	Unch
Telangana	Adilabad	Un-Ginned	17038	17944	-906
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	178	207	-29
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	3830	4190	-360
	Hubli	D.C.H.	490	90	400
	Hubli	B.T. Cotton	38	178	-140
	Raichur	H-44 Cotton	1790	1640	150
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	8-Dec-17	7-Dec-17	

Punjab	Bhatinda	J-34	10200	8500	1700
	Abohar	J-34	1530	1360	170
	Mansa	J-34	1020	850	170
Haryana	Sirsa	J-34	2550	3400	-850
Rajasthan	Sri-Ganganagar	J-34	7000	6000	1000

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				7-Dec-17	6-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	38100	38000	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	38200	39200	-1000
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	41600	41600	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	52100	52100	Unch

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 8-December-2017

Index	RMB/Ton	Change
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CCIndex(328)	15842	Unch
CCIndex(527)	14776	-19
CCIndex(229)	16358	3
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 8-December-2017

Index	Cents/lb	Change
FC Index (S)	87.97	1.33
FC Index (M)	84.92	1.25
FC Index (L)	83.40	1.43

Cotlook Index: As on 7th-December-2017

Cotlook Indices	Cents/Pound	Change
A-Index	83.20	0.25

USDA Cotton Spot Rates: As on 7th-December-2017

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	75.23	76.98	NIL
North Delta	73.48	75.23	NIL
South Delta	73.48	75.23	NIL
East TX-OK	72.00	73.75	4758
West Texas	72.00	74.00	7433
Desert SW	68.98	72.98	NIL
SJ Valley	70.23	79.13	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 7th-December-2017

Contract	Open	High	Low	Close	Change
Dec-17	72.84	74.27	72.10	74.23	1.51
Mar-18	73.48	74.71	72.78	74.64	1.25
May-18	73.82	74.84	73.20	74.82	1.02
Jul-18	73.26	73.26	73.26	73.26	0.85
Oct-18	71.89	72.58	71.34	72.56	0.68
Dec-18	71.65	72.37	71.65	72.37	0.70

Pakistan Cotton Spot rates: As on 7th-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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