

### Domestic Fundamentals:

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

**In The News:** In a major action against faulty Bt cotton seeds in 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 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 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.

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.

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	-12	-	-

### **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 09-Dec 2017

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

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	9-Dec-17	8-Dec-17	
Gujarat	Ahmedabad	Shankar-6	Closed	4850	-
	Gondal	Shankar-6	Closed	4850	-
	Rajkot	B.T. Cotton	Closed	4925	-
	Patan	B.T. Cotton	4935	4860	75
	Kadi	B.T. Cotton	5000	4950	50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	Closed	4780	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4925	4950	-25
	Bhiwani	Desi	5750	5750	Unch
	Adampur	B.T. Cotton	4780	4700	80
	Fatehabad	B.T. Cotton	4790	4780	10
	Jind	B.T. Cotton	4950	4900	50
	Uchana	B.T. Cotton	4751	4746	5
	Dabwali	B.T. Cotton	4675	4640	35
Rajasthan	Hanumangarh	B.T. Cotton	4850	4850	Unch
	Rawatsar	B.T. Cotton	4650	4750	-100
Madhya Pradesh	Khandwa	Mech-1	Closed	4750	-
	Khargaon	Mech-1	NR	4880	-
Maharashtra	Amravati	Mech-1	4575	4625	-50
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5800	5800	Unch
	Hathras	Desi	4500	4500	Unch
Telangana	Adilabad	Un-Ginned	4620	4575	45
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	4919	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	5272	-
	Hubli	D.C.H.	5320	5279	41
	Hubli	B.T. Cotton	7069	7090	-21
	Raichur	H-44 Cotton	NA	4900	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	9-Dec-17	8-Dec-17	
Punjab	Bhatinda	J-34	4010	3970	40
	Abohar	J-34	4010	3990	20
	Mansa	J-34	3975	3960	15

	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
<b>Haryana</b>	Sirsa	J-34	3980	3960	20
<b>Rajasthan</b>	Sri-Ganganagar	J-34	3770	3737	33

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	9-Dec-17	8-Dec-17	
<b>Gujarat</b>	Ahmedabad	Shankar-6	Closed	59500	-
	Gondal	Shankar-6	Closed	2847	-
	Rajkot	B.T. Cotton	Closed	4400	-
	Patan	B.T. Cotton	23315	22067	1248
	Kadi	B.T. Cotton	50000	50000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	Closed	450	-
<b>Punjab</b>	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
<b>Haryana</b>	Bhiwani	B.T. Cotton	3000	3000	Unch
	Bhiwani	Desi	10	20	-10
	Adampur	B.T. Cotton	8000	7055	945
	Fatehabad	B.T. Cotton	2000	1600	400
	Jind	B.T. Cotton	1190	1020	170
	Uchana	B.T. Cotton	4620	3855	765
	Dabwali	B.T. Cotton	950	825	125
<b>Rajasthan</b>	Hanumangarh	B.T. Cotton	3000	3000	Unch
	Rawatsar	B.T. Cotton	3000	4000	-1000
<b>Madhya Pradesh</b>	Khandwa	Mech-1	Closed	700	-
	Khargaon	Mech-1	NR	3960	-
<b>Maharashtra</b>	Amravati	Mech-1	10000	11000	-1000
	Jamner	Medium Staple	NA	NA	-
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	12	12	Unch
<b>Telangana</b>	Adilabad	Un-Ginned	15495	17038	-1543
<b>Andhra Pradesh</b>	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	178	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
<b>Karnataka</b>	Bijapur	Bunny	NA	3830	-
	Hubli	D.C.H.	76	490	-414
	Hubli	B.T. Cotton	80	38	42
	Raichur	H-44 Cotton	NA	1790	-

Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	9-Dec-17	8-Dec-17	
Punjab	Bhatinda	J-34	8500	10200	-1700
	Abohar	J-34	1360	1530	-170
	Mansa	J-34	1020	1020	Unch
Haryana	Sirsa	J-34	2550	2550	Unch
Rajasthan	Sri-Ganganagar	J-34	5000	7000	-2000

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				8-Dec-17	7-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	37300	37100	200
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	36700	36700	Unch
Shankar-6(105)	29mm	3.5 – 4.9	28	38400	38100	300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39500	38200	1300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	41900	41600	300
DCH-32(107)	34mm	3.0 - 3.8	33	52400	52100	300

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

Centre	Unit	Price		Change
		9-Dec-17	8-Dec-17	
Rajkot	Rs. /10 Kg.	NR	672	-
New Delhi	Rs. /10 Kg.	675	675	Unch
Hyderabad	Rs. /10 Kg.	670	670	Unch
Mumbai	Rs. /10 Kg.	690	695	-5

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

Centre	Unit	Price		Change
		9-Dec-17	8-Dec-17	
Mahesana (Kadi)	Rs./Qtl	1608	1610	-2
Akola	Rs./Qtl	1619	1618	1

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 8-December-2017**

Index	RMB/Ton	Change
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 8th-December-2017**

Contract	Open	High	Low	Close	Change
Mar-18	74.10	74.28	73.62	73.72	-0.51
May-18	74.53	74.68	74.13	74.20	-0.44
Jul-18	74.69	74.85	74.30	74.39	-0.43
Oct-18	73.02	73.02	73.02	73.02	-0.24
Dec-18	72.18	72.45	71.80	72.08	-0.48
Mar-19	71.92	72.07	71.85	72.07	-0.30

<b>Pakistan Cotton Spot rates: As on 7th-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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