

**Domestic Fundamentals:**

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

**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)	13	980	992.5	979.5	992.00	4939	-694	7741	-1173

Spread	Cont (C1)								
Spot	-7				-		-		

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-17	60	19160	19340	19130	19270	1087	190	4672	164
Jan-17	50	19380	19550	19330	19470	934	90	4906	-346

Spread	DEC-17	Jan-17	-	-	--	--
Spot			-	-	-	-
Jan-17	-210		-	-	-	-

(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	11-Dec-17	9-Dec-17	
Gujarat	Ahmedabad	Shankar-6	5000	Closed	-
	Gondal	Shankar-6	5050	Closed	-
	Rajkot	B.T. Cotton	5030	Closed	-
	Patan	B.T. Cotton	5005	4935	70
	Kadi	B.T. Cotton	5100	5000	100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	Closed	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4950	4925	25
	Bhiwani	Desi	5750	5750	Unch
	Adampur	B.T. Cotton	4760	4780	-20
	Fatehabad	B.T. Cotton	4825	4790	35
	Jind	B.T. Cotton	4700	4950	-250
	Uchana	B.T. Cotton	4767	4751	16
	Dabwali	B.T. Cotton	4640	4675	-35
Rajasthan	Hanumangarh	B.T. Cotton	NA	4850	-
	Rawatsar	B.T. Cotton	NA	4650	-
Madhya Pradesh	Khandwa	Mech-1	4850	Closed	-
	Khargaon	Mech-1	5020	4905	115
Maharashtra	Amravati	Mech-1	4650	4575	75
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	5800	-
	Hathras	Desi	NR	4500	-
Telangana	Adilabad	Un-Ginned	4700	4620	80
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	5339	NA	-
	Hubli	D.C.H.	NA	5320	-
	Hubli	B.T. Cotton	NA	7069	-
	Raichur	H-44 Cotton	5030	4901	129
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	11-Dec-17	9-Dec-17	
Punjab	Bhatinda	J-34	4015	4010	5
	Abohar	J-34	4005	4010	-5
	Mansa	J-34	3980	3975	5
	Muktsar	J-34	NR	NR	-

	Fazilika	J-34	NR	NR	-
<b>Haryana</b>	Sirsa	J-34	3975	3980	-5
<b>Rajasthan</b>	Sri-Ganganagar	J-34	3760	3770	-9

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	11-Dec-17	9-Dec-17	
<b>Gujarat</b>	Ahmedabad	Shankar-6	59500	Closed	-
	Gondal	Shankar-6	2364	Closed	-
	Rajkot	B.T. Cotton	5200	Closed	-
	Patan	B.T. Cotton	20444	23315	-2871
	Kadi	B.T. Cotton	55000	50000	5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	Closed	-
<b>Punjab</b>	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
<b>Haryana</b>	Bhiwani	B.T. Cotton	4000	3000	1000
	Bhiwani	Desi	15	10	5
	Adampur	B.T. Cotton	7001	8000	-1000
	Fatehabad	B.T. Cotton	1200	2000	-800
	Jind	B.T. Cotton	510	1190	-680
	Uchana	B.T. Cotton	4640	4620	20
	Dabwali	B.T. Cotton	550	950	-400
<b>Rajasthan</b>	Hanumangarh	B.T. Cotton	NA	3000	-
	Rawatsar	B.T. Cotton	NA	3000	-
<b>Madhya Pradesh</b>	Khandwa	Mech-1	800	Closed	-
	Khargaon	Mech-1	8220	1220	7000
<b>Maharashtra</b>	Amravati	Mech-1	12000	10000	2000
	Jamner	Medium Staple	NA	NA	-
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	NR	NA	-
	Hathras	Desi	NR	12	-
<b>Telangana</b>	Adilabad	Un-Ginned	NA	15495	-
<b>Andhra Pradesh</b>	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
<b>Karnataka</b>	Bijapur	Bunny	3760	NA	-
	Hubli	D.C.H.	NA	76	-
	Hubli	B.T. Cotton	NA	80	-
	Raichur	H-44 Cotton	2040	1537	503
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	11-Dec-17	9-Dec-17	
<b>Punjab</b>	Bhatinda	J-34	8500	8500	Unch

	Abohar	J-34	850	1360	<b>-510</b>
	Mansa	J-34	850	1020	<b>-170</b>
<b>Haryana</b>	Sirsa	J-34	2550	2550	<b>Unch</b>
<b>Rajasthan</b>	Sri-Ganganagar	J-34	5000	5000	<b>Unch</b>

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				9-Dec-17	8-Dec-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40700	40700	<b>Unch</b>
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41400	41400	<b>Unch</b>
J-34(202)	26mm	3.5 - 4.9	23	37400	37300	<b>100</b>
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	36800	36700	<b>100</b>
Shankar-6(105)	29mm	3.5 - 4.9	28	38500	38400	<b>100</b>
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39600	39500	<b>100</b>
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42100	41900	<b>200</b>
DCH-32(107)	34mm	3.0 - 3.8	33	52700	52400	<b>300</b>

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

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

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

Centre	Unit	Price		Change
		11-Dec-17	9-Dec-17	
Mahesana (Kadi)	Rs./Qtl	1668	1608	<b>60</b>
Akola	Rs./Qtl	1638	1619	<b>19</b>

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 11-December-2017**

Index	RMB/Ton	Change
CCIndex(328)	15838	<b>-4</b>
CCIndex(527)	14772	<b>-4</b>

CCIndex(229)	16354	-4
RMB -Renminbi, 1RMB =0.16 \$U.S.		

**China Foreign Cotton (FCE) Index : As on 11-December-2017**

Index	Cents/lb	Change
FC Index (S)	87.56	-0.41
FC Index (M)	84.52	-0.40
FC Index (L)	82.90	-0.50

**Cotlook Index: As on 8th-December-2017**

Cotlook Indices	Cents/Pound	Change
A-Index	84.70	1.50

**USDA Cotton Spot Rates: As on 8th-December-2017**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	74.72	76.47	NIL
North Delta	72.97	74.72	NIL
South Delta	72.97	74.72	NIL
East TX-OK	71.25	73.00	8564
West Texas	71.25	73.25	19410
Desert SW	68.47	72.47	NIL
SJ Valley	69.72	78.62	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 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 9th-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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