

Domestic Fundamentals:

Market Outlook: Cotton spot markets noticed range –bound to firm tone on Thursday.

In The News: Cotton Advisory Board (CAB) has estimated that cotton production in 2017-18 is likely to rise 9.3 per cent to 37.7 million bales.

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.

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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.

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).

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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)	+2.50	1000	1002.5	991.5	998	4292	2600	8398	2035

Spread	Cont (C1)		
	14		
Spot		-	-
	-	-	-

Updated at 05:00 pm as on 14-Dec-2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-17	140	18410	18510	18410	18480	629	-212	456	-558
Jan-17	110	19360	19490	19360	19460	1005	-374	4250	935

Spread	DEC-17	Jan-17	-	-	--	--
Spot				-	-	-
Jan-17	-980			-	-	-

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

* Updated at 05:00 pm as on 14-Dec 2017

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	14-Dec-17	13-Dec-17	
Gujarat	Ahmedabad	Shankar-6	5050	5000	50
	Gondal	Shankar-6	5040	5030	10
	Rajkot	B.T. Cotton	5060	5025	35
	Patan	B.T. Cotton	NR	5040	-
	Kadi	B.T. Cotton	Closed	5000	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	4950	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5025	4950	75
	Bhiwani	Desi	5800	5750	50
	Adampur	B.T. Cotton	4870	4800	70
	Fatehabad	B.T. Cotton	4910	4850	60
	Jind	B.T. Cotton	4850	4890	-40
	Uchana	B.T. Cotton	4865	4800	65
	Dabwali	B.T. Cotton	NR	4680	-
Rajasthan	Hanumangarh	B.T. Cotton	4970	4850	120
	Rawatsar	B.T. Cotton	4825	4700	125
Madhya Pradesh	Khandwa	Mech-1	4880	4850	30
	Khargaon	Mech-1	5020	5100	-80
Maharashtra	Amravati	Mech-1	NR	NR	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5800	6000	-200
	Hathras	Desi	4650	4500	150
Telangana	Adilabad	Un-Ginned	NA	4800	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	5055	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4320	4320	Unch
Karnataka	Bijapur	Bunny	5409	5360	49
	Hubli	D.C.H.	NA	5459	-
	Hubli	B.T. Cotton	NA	6600	-
	Raichur	H-44 Cotton	NA	5150	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	14-Dec-17	13-Dec-17	
Punjab	Bhatinda	J-34	4040	4015	25
	Abohar	J-34	4040	4010	30
	Mansa	J-34	4000	3985	15
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-

Haryana	Sirsa	J-34	4020	3990	30
Rajasthan	Sri-Ganganagar	J-34	3760	3760	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	14-Dec-17	13-Dec-17	
Gujarat	Ahmedabad	Shankar-6	54400	59500	-5100
	Gondal	Shankar-6	3000	2664	336
	Rajkot	B.T. Cotton	6000	4850	1150
	Patan	B.T. Cotton	NR	26063	-
	Kadi	B.T. Cotton	Closed	50000	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	426	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	2500	3500	-1000
	Bhiwani	Desi	10	20	-10
	Adampur	B.T. Cotton	5000	5000	Unch
	Fatehabad	B.T. Cotton	1400	1000	400
	Jind	B.T. Cotton	935	765	170
	Uchana	B.T. Cotton	2100	3600	-1500
	Dabwali	B.T. Cotton	NR	750	-
Rajasthan	Hanumangarh	B.T. Cotton	3000	2000	1000
	Rawatsar	B.T. Cotton	3000	1000	2000
Madhya Pradesh	Khandwa	Mech-1	2140	800	1340
	Khargaon	Mech-1	9550	8250	1300
Maharashtra	Amravati	Mech-1	NR	NR	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	45	NA	-
	Hathras	Desi	15	NA	-
Telangana	Adilabad	Un-Ginned	NA	11869	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	210	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	2710	2450	260
	Hubli	D.C.H.	NA	100	-
	Hubli	B.T. Cotton	NA	12	-
	Raichur	H-44 Cotton	NA	1222	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	14-Dec-17	13-Dec-17	
Punjab	Bhatinda	J-34	5950	8500	-2550
	Abohar	J-34	1190	1190	Unch

	Mansa	J-34	510	510	Unch
Haryana	Sirsa	J-34	6800	510	6290
Rajasthan	Sri-Ganganagar	J-34	600	500	100

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				13-Dec-17	12-Dec-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40500	40600	-100
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41200	41300	-100
J-34(202)	26mm	3.5 - 4.9	23	37700	37800	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	36800	36900	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	38600	38700	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39900	39600	300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42200	42200	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	53800	53300	500

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

Centre	Unit	Price		Change
		14-Dec-17	13-Dec-17	
Rajkot	Rs. /10 Kg.	670	675	-5
New Delhi	Rs. /10 Kg.	670	675	-5
Hyderabad	Rs. /10 Kg.	670	675	-5
Mumbai	Rs. /10 Kg.	692	692	Unch

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

Centre	Unit	Price		Change
		14-Dec-17	13-Dec-17	
Mahesana (Kadi)	Rs./Qtl	1665	1665	Unch
Akola	Rs./Qtl	1682	1654	28

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 14-December-2017

Index	RMB/Ton	Change
CCIndex(328)	15803	-13
CCIndex(527)	14751	Unch
CCIndex(229)	16321	-7

RMB -Renminbi, 1RMB =0.16 \$U.S.

China Foreign Cotton (FCE) Index : As on 14-December-2017

Index	Cents/lb	Change
FC Index (S)	88.16	1.20
FC Index (M)	85.12	1.20
FC Index (L)	83.38	1.19

Cotlook Index: As on 13rd-December-2017

Cotlook Indices	Cents/Pound	Change
A-Index	83.45	Unch

USDA Cotton Spot Rates: As on 13rd-December-2017

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	75.13	76.88	310
North Delta	73.38	75.13	175
South Delta	73.38	75.13	NIL
East TX-OK	71.50	73.25	6785
West Texas	71.50	73.50	10467
Desert SW	68.88	72.88	NIL
SJ Valley	70.13	79.03	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.): As on 13rd-December-2017

Contract	Open	High	Low	Close	Change
Mar-18	72.9	74.2	72.9	74.1	1.2
May-18	73.5	74.7	73.5	74.6	1.1
Jul-18	73.9	74.9	73.9	74.9	1.0
Oct-18	73.2	73.2	73.2	73.2	0.7
Dec-18	72.0	72.4	71.7	72.3	0.7
Mar-19	71.9	72.2	71.4	72.1	0.7

Pakistan Cotton Spot rates: As on 13rd-December-2017

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6800	145	6945
Equivalent	40 Kgs	7288	155	7443

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