

Domestic Fundamentals:

Market Outlook: Cotton spot markets noticed mixed tone on Wednesday.

In The News: With Bollgard-II technology failing to control pink bollworms and illegal Bt3 technology seeds flooding the market, farmers in Telangana have demanded State and Central governments to ensure payment of compensation for crop losses they suffered this kharif.

Cotton yarn exports declined 10 %, mainly due to policy lapses, exports between April and September in 2016 was 517 million kg and it was 464 million kg during the same period this year

Chief Minister of Maharashtra, Mr Fadnavis said the government would ensure that all the cotton farmers, affected from Pink ballworm would get compensation from crop insurance, compensation from seed companies concerned and moreover from the state government.

Ginners across the country have decided to observe a day's strike on Friday, with the threat of more action later, in protest at the five per cent goods and services tax (GST) on cotton.

Election fever in India's largest cotton producing state Gujarat has hit arrivals this month. According to traders and brokers, arrival of new crop has declined 35 per cent compared to last year.

Experts of Punjab Agricultural University said that Picking should be completed as early as possible and trashes of cotton and unopened bolls should be removed from field, after last picking allow goats, sheep and other animals to graze on unopened bolls and plant debris in the cotton fields.

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 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.

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.

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).

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.

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).

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)	3.5	991	1002	988.5	999	6101	2906	9500	381
Spread	Cont (C1)								
Spot	-20				-		-		
	-				-		-		
Updated at 05:00 pm as on 20–Dec-2017									
MCX Cotton Futures*: (Prices in Rs/170 kgs)									
Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-17	-60	19480	19570	19440	19520	687	-501	3293	-68
Jan-17	-80	19750	19800	19690	19750	1143	-218	6442	356
Spread	DEC-17	Jan-17	-		-	-	--	--	
Spot					-	-	-	-	
Jan-17	-230				-	-	-	-	

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	20-Dec-17	19-Dec-17	
Gujarat	Ahmedabad	Shankar-6	5050	5100	-50
	Gondal	Shankar-6	5130	5165	-35
	Rajkot	B.T. Cotton	5180	5160	20
	Patan	B.T. Cotton	5250	5220	30
	Kadi	B.T. Cotton	5250	5250	Unch
	Deesa	B.T. Cotton	4775	4800	-25
	Dhrol	B.T. Cotton	5055	5065	-10
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5150	5080	70
	Bhiwani	Desi	6000	6000	Unch
	Adampur	B.T. Cotton	4970	4940	30
	Fatehabad	B.T. Cotton	5060	4980	80
	Jind	B.T. Cotton	5240	5175	65
	Uchana	B.T. Cotton	5009	5040	-31
	Dabwali	B.T. Cotton	4890	4840	50
Rajasthan	Hanumangarh	B.T. Cotton	5000	5050	-50
	Rawatsar	B.T. Cotton	4900	4900	Unch
Madhya Pradesh	Khandwa	Mech-1	5000	5000	Unch
	Khargaon	Mech-1	5240	5265	-25
Maharashtra	Amravati	Mech-1	4800	4800	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5500	5400	100
	Hathras	Desi	4400	4400	Unch
Telangana	Adilabad	Un-Ginned	4990	5000	-10
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	5409	5444	-35
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4320	NA	-
Karnataka	Bijapur	Bunny	5769	NA	-
	Hubli	D.C.H.	5459	5570	-111
	Hubli	B.T. Cotton	NA	7259	-
	Raichur	H-44 Cotton	5380	5325	55
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	20-Dec-17	19-Dec-17	
Punjab	Bhatinda	J-34	3970	4080	-110
	Abohar	J-34	4075	4090	-15
	Mansa	J-34	4040	4050	-10
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-

Haryana	Sirsa	J-34	4055	4060	-5
Rajasthan	Sri-Ganganagar	J-34	3760	NR	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	20-Dec-17	19-Dec-17	
Gujarat	Ahmedabad	Shankar-6	68000	68000	Unch
	Gondal	Shankar-6	3102	2985	117
	Rajkot	B.T. Cotton	4200	5000	-800
	Patan	B.T. Cotton	21468	15319	6149
	Kadi	B.T. Cotton	30000	30000	Unch
	Deesa	B.T. Cotton	400	1150	-750
	Dhrol	B.T. Cotton	375	489	-114
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	3000	2500	500
	Bhiwani	Desi	10	NA	-
	Adampur	B.T. Cotton	4000	5000	-1000
	Fatehabad	B.T. Cotton	600	1200	-600
	Jind	B.T. Cotton	1445	2125	-680
	Uchana	B.T. Cotton	2780	3740	-960
	Dabwali	B.T. Cotton	1015	925	90
Rajasthan	Hanumangarh	B.T. Cotton	3000	2500	500
	Rawatsar	B.T. Cotton	4000	4000	Unch
Madhya Pradesh	Khandwa	Mech-1	700	600	100
	Khargaon	Mech-1	8410	10650	-2240
Maharashtra	Amravati	Mech-1	10000	7000	3000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	30	NA	-
	Hathras	Desi	12	NA	-
Telangana	Adilabad	Un-Ginned	15105	NA	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	179	447	-268
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	2280	NA	-
	Hubli	D.C.H.	8	98	-90
	Hubli	B.T. Cotton	NA	202	-
	Raichur	H-44 Cotton	1252	1610	-358
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	20-Dec-17	19-Dec-17	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	1360	1190	170

	Mansa	J-34	680	850	-170
Haryana	Sirsa	J-34	1190	1360	-170
Rajasthan	Sri-Ganganagar	J-34	500	NR	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				19-Dec-17	18-Dec-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	41400	41400	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	42100	42100	Unch
J-34(202)	26mm	3.5 - 4.9	23	38300	38600	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	37600	37800	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	39300	39500	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40400	40700	-300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43000	43000	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	55500	55500	Unch

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

Centre	Unit	Price		Change
		20-Dec-17	19-Dec-17	
Rajkot	Rs. /10 Kg.	675	675	Unch
New Delhi	Rs. /10 Kg.	665	670	-5
Hyderabad	Rs. /10 Kg.	680	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
		20-Dec-17	19-Dec-17	
Mahesana (Kadi)	Rs./Qtl	1774	1746	28
Akola	Rs./Qtl	1763	1744	19

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 20-December-2017

Index	RMB/Ton	Change
CCIndex(328)	15790	-3
CCIndex(527)	14739	-1
CCIndex(229)	16311	-2
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 20-December-2017

Index	Cents/lb	Change
FC Index (S)	88.87	-0.35
FC Index (M)	85.16	-1.04
FC Index (L)	82.96	-1.34

Cotlook Index: As on 19th-December-2017

Cotlook Indices	Cents/Pound	Change
A-Index	85.95	-0.70

USDA Cotton Spot Rates: As on 19th-December-2017

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	76.03	78.78	307
North Delta	74.28	76.03	2058
South Delta	74.28	76.03	857
East TX-OK	73.00	74.75	3439
West Texas	72.25	74.25	13399
Desert SW	69.78	73.78	NIL
SJ Valley	71.03	79.93	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 19th-December-2017

Contract	Open	High	Low	Close	Change
Mar-18	75.30	75.92	74.93	75.03	-0.17
May-18	75.75	76.12	75.29	75.33	-0.31
Jul-18	76.28	76.52	75.75	75.85	-0.33
Oct-18	73.68	73.68	73.68	73.68	-0.08
Dec-18	72.80	72.80	72.50	72.61	-0.13
Mar-19	72.50	72.50	72.43	72.43	-0.18

Pakistan Cotton Spot rates: As on 19th-December-2017				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	7000	145	7145
Equivalent	40 Kgs	7502	155	7657

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