

Domestic market summary

Domestic market Scenario: Cotton spot markets mostly noticed firm tone during the month. Average price of Lint at Sirsa during the month was Rs. 3955 per maund (of 37.32 Kg each), compared to the previous month price of Rs 3900. Cotton fiber (Shankar-6) prices noticed pale tone this month. Average price was Rs 38220 per candy (of 355.6 kg each) during the month, which was Rs 37283 per candy previous month. Future price of cotton (at NCDEX, Continuous contract) closed higher this month at Rs. 936.5 per maund (of 20 kg each) which was Rs 915 a month earlier.

Monthly Price Outlook : In the coming month we expect Kapas price to remain range bound to weak with the price band of Rs. 4600-5200 per quintal in the Rajkot market. Lint price at Sirsa is likely to be in range of Rs 4000-5000 per maund. Kapas prices at NCDEX (Continuous contract), is expected to hover in the range of Rs.810-1200 per maund (of 20 kg each).

Major Market Highlights: The Cotton Corporation of India (CCI) has procured 1.29 lakh tonnes of cotton in Telangana so far, this season. The CCI made these purchase from 202 ginning mills and 41 public market yards.

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.

Times of India has reported that herbicide tolerant (HT) cotton seed produced by Monsanto have been cultivated across the state of Telangana. These seeds allegedly contain carcinogenic material and are therefore not approved for sale. The report says that the government has asked relevant authorities to destroy the “produce”. As a result whether any cotton will be destroyed or only cotton seeds will be destroyed is not yet clear. There is also no clarity on the quantities going to be affected. If any significant amount of cotton fiber stands to be destroyed, it may support the prices in the state.

Cotton Association of India (CAI) 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 the industry would go on one day token protest against RCM on 15th December 2017 and 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.

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 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.

According to the Cotton Association of India (CAI), in its first estimate for the cotton crop season 2017-18 beginning October 1, 2017, cotton crop has been estimated at 375 lakh bales of 170 kg each which is higher by 37.75 lakh bales compared to the previous year's crop of 337.25 lakh bales.

Cotton crop in Vidarbha and Marathwada region of Maharashtra are reported to get affected by the widespread boll worm attack and could destroy approximately 50 per cent of the standing crop.

Domestic Cotton Balance sheet

Particulars	Annual balance sheet		Quarterly Balance Sheet 2017-18			
	2016-17*	2017-18*	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
Supply						
Opening Stock	40.3	45.3	45.3	111.1	172.8	125.2
Production	337.25	364	163.8	152.9	32.8	14.6
Imports	21.7	22	1.8	2.00	3.90	14.30
Total Supply	399.25	431	211	266	209	154
Demand						
Mill	275	278	67.7	69.9	70.4	69.6
Small mill	25	25	6.2	6.4	6.4	6.3
Non Mill	9	9	2.3	2.3	2.3	2.3
Total Consumption	309	312	76	78	79	78
Exports	45	45	23.6	14.7	5.1	1.6
Total Consumption	354	357	99.8	93.2	84.2	79.8
Ending Stocks	45.3	74.3	111.1	172.8	125.2	74.2

*Annual Production, Imports and Export Figures estimated by Agriwatch, consumption figures are sourced from Cotton Association of India (CAI). **Quarterly Balance Sheet figures estimated by Agriwatch.

A: Actual, E: Estimated

Balance Sheet Highlight (2017-18):

As per the latest estimates by Agriwatch, cotton output in country during the season 2017-18 would be around 364 lakh bales (of 170 kg each) around 7.93% higher compared to production of last season.

Following higher production, cotton imports will rise marginally to 22 lakh bales compared to 21.7 lakh bales in previous season.

Due to higher opening stock and imports, cotton availability would be standing higher this season at 431 lakh bales compared to 399.25 lakh bales during the previous season.



Total domestic consumption (Including mill, small mill and non-mill consumption) would be around 312 lakh bales compared to 309 lakh bales during the previous season.

Cotton exports are expected to remain constant & same as that of previous year. It is expected that country would export around 45 lakh bales of cotton in the season 2017-18.

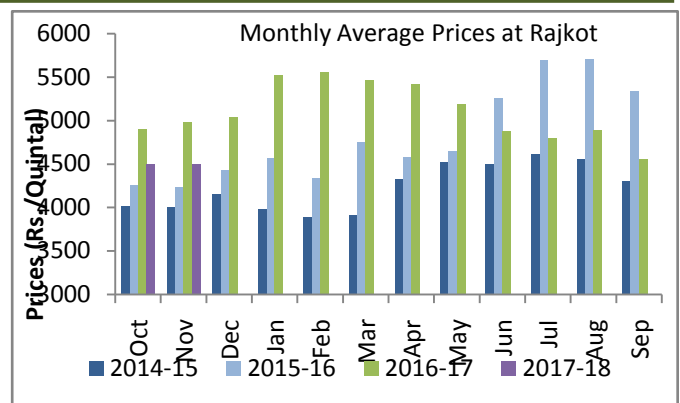
Ending stocks are expected to be around 74.3 lakh bales, around 64% higher compared to the ending stocks of previous season.

Domestic Cotton Prices Scenario

Kapas price outlook

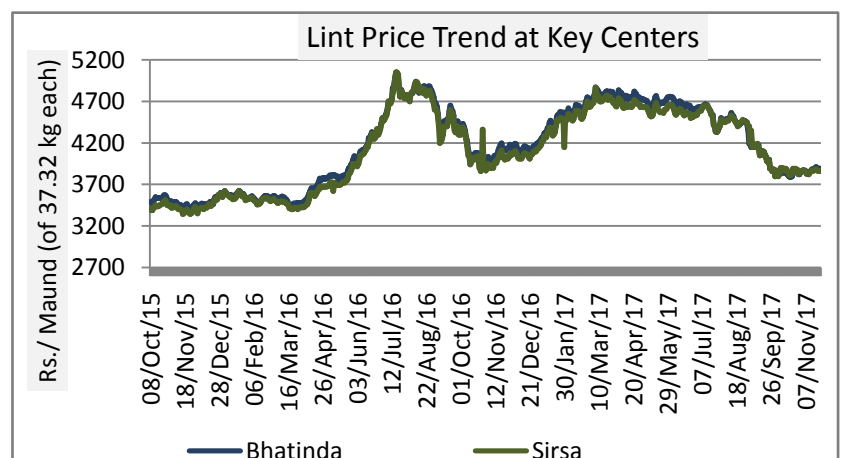
Kapas(seed cotton) prices in country noticed weak tone during the November month when compared to the previous month, and the same is ruling lower compared to the prices during the corresponding month of the previous season.

Monthly average price of Kapas at Rajkot remained Rs.4504 per quintal during November, which was Rs. 4853 during previous month and Rs. 5074 per quintal during the corresponding month last year. We expect Kapas prices to remain range –bound to firm in the coming month. The expected price range for January month is likely to be Rs 4600-5200 per quintal.



Lint price Outlook

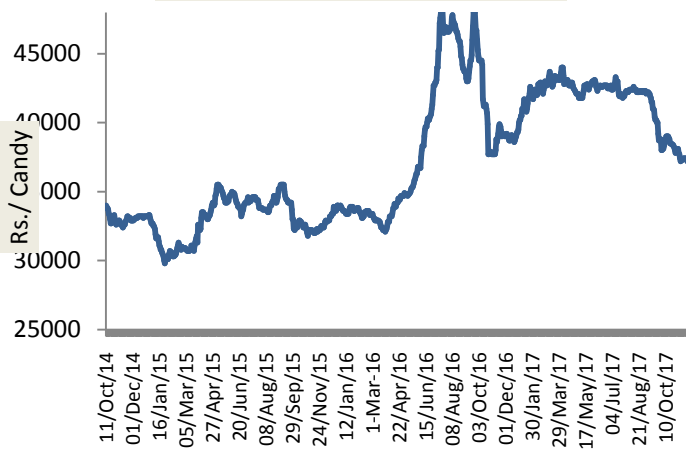
Lint prices remained firm during the week owing to tight tone prevailing in market. Monthly average price of Lint at Sirsa remained Rs. 3871 per maund of 37.32 kg each, higher compared to the previous month price of Rs. 3854 per maund.



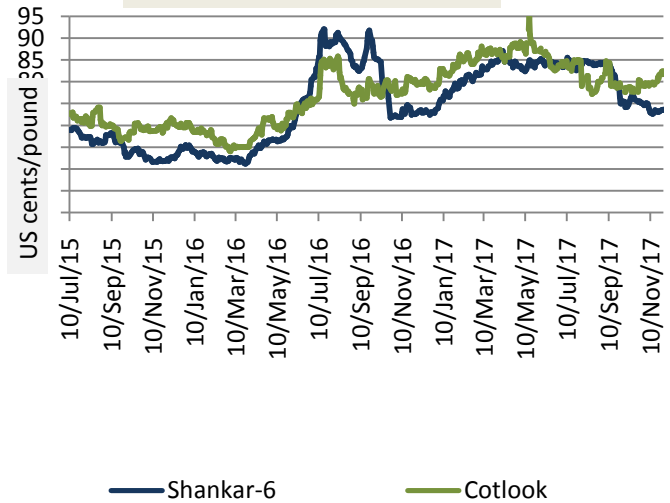
Cotton Fiber price Outlook



Cotton Fiber (Shankar-6) Price Trend



Shankar-6 versus Cotlook A Index



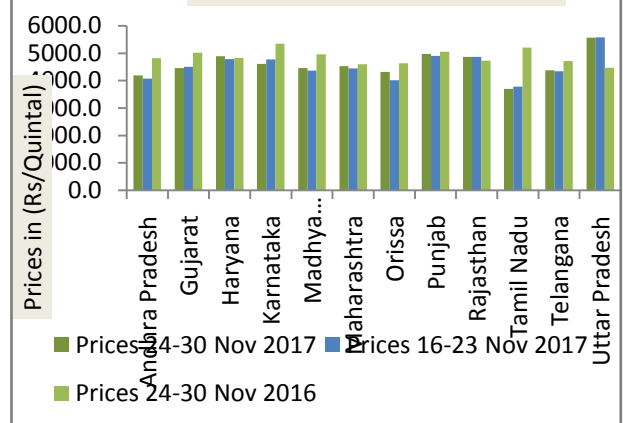
Indian Fiber price versus International Fiber Price: Indian fiber prices are ruling below the international price. Against the monthly average Cotlook A Index of 82.45cents/pound, Indian monthly average price stood at 73.86 cents/pound, making Indian fiber more competitive in international market.

monthly Price Outlook: Shankar-6 price in the coming month is expected to hover in range of Rs 38000-40000 per candy.

State wise monthly Price Scenario

On month on month basis, prices are by and large showing firm trend in most of the States, highest price was recorded in Uttar Pradesh followed by Punjab this week and lowest was in Tamil Nadu followed by Andhra Pradesh. On year on year basis, cotton prices are reflecting downtrend in most of the States. Prices have been summarized in the table given in annexure.

State wise Weekly Average Prices





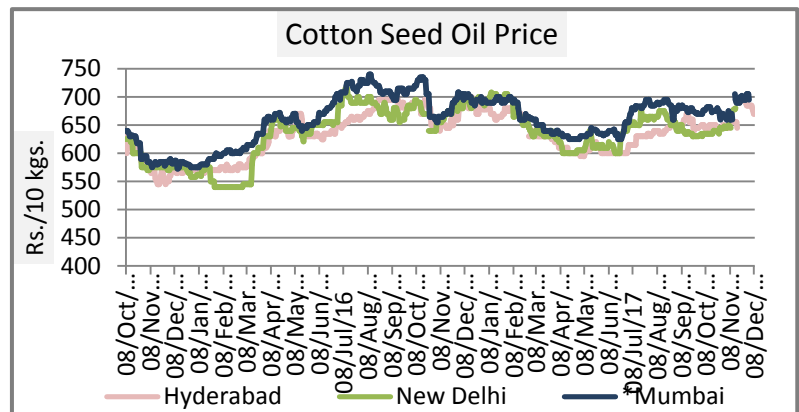
Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil monthly Price Scenario

Centers	Monthly Average Price as on (Rs/10 kg.)		% Change
	Sep	Nov	
New Delhi	644	660	-242
Rajkot	653	659	-0.91
Hyderabad	654	668	-2.10
Mumbai*	677	667	1.50

*Vat Included

Cotton seed oil price noticed firm tone during the month. monthly average price in New Delhi is Rs 660 per 10 Kg, higher compared to the monthly average price of Rs 644 per 10 Kg in previous week.

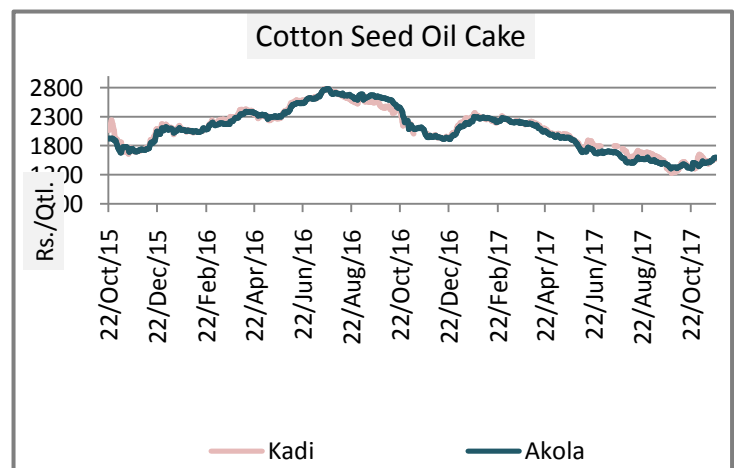


Cotton Seed Oil Cake Monthly Price Scenario

Cotton seed oil cake price noticed firm tone during this month. Monthly average price in Akola remained Rs 1528 per quintal, lower compared to the monthly average price of Rs 1567 per quintal in the previous month.

Centers	Monthly Average Price as on (Rs/quintal.)*		% Change
	Sep	Nov	
Kadi	1528	1567	-2.49
Akola	1494	1540	-2.99

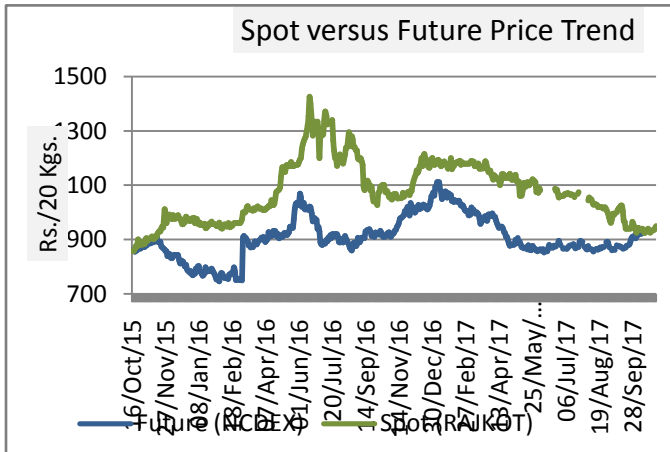
*Source: NCDEX





Cotton Spot and Future Price Trend

Cotton future price closed higher this month .Kapas at NCDEX (Continuous chart) closed at Rs 936.5 as on 06 December 2017, compared to 915 a month earlier.The gap between the spot and future prices has decreased. Average gap between the spot and future price during the month was Rs.13.8 which was Rs 18.5 a week earlier.



Technical Analysis of Kapas Future Prices at NCDEX(Continuous Chart C1)



Weekly Technical Outlook:

- Kapas prices and volume increased while O.I decreased .
- RSI is hovering in a neutral zone.
- MACD signal line and center line denotes neutral crossover.



Expected Price Range During Coming month

Expected Trend	Expected Trading Band
Range-bound To Firm Momentum	990-1360

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
1000	1020	1050	1350

Figures in Rs/20 Kg

International Market Scenario

International cotton prices remained range bound to firm during the monthly. Cotlook A index monthly average stood at 80.65 cents/pound this month, which was 79.52 cents/pound during last month.

Major Market Highlights: The International Cotton Advisory Committee (ICAC) had raised 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 the Brazilian Institute of Geography and Statistics (IBGE), the industrial production of spinning in September 2017 dropped 1.23 per cent compared to the previous month, but increased 2.82 per cent compared to September 2016. For the clothes and accessories sector, production increased 0.85 per cent from August to September, and production increased 4.29 percent compared to September last year.

China's cotton stocks are forecast to decrease another 16 per cent to 8.9 million tonnes, which would account for 48 per cent of world stocks in 2017-18. Ending stocks held outside China are expected to increase by 22 per cent to 9.6 million tonnes in 2017-18.

Cotton crop in Texas (largest growing region in U.S.A) is expected to get hurt this year as the weather forecasting agencies of the area are expecting an early freeze this year which will certainly affect yield of the cotton crop.

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.



On the other hand, 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.

ICAC also projected cotton export of 3.1 MMT from U.S (which is the largest cotton exporter in the world) and an import of 1.4 MMT by Bangladesh in 2017-18.

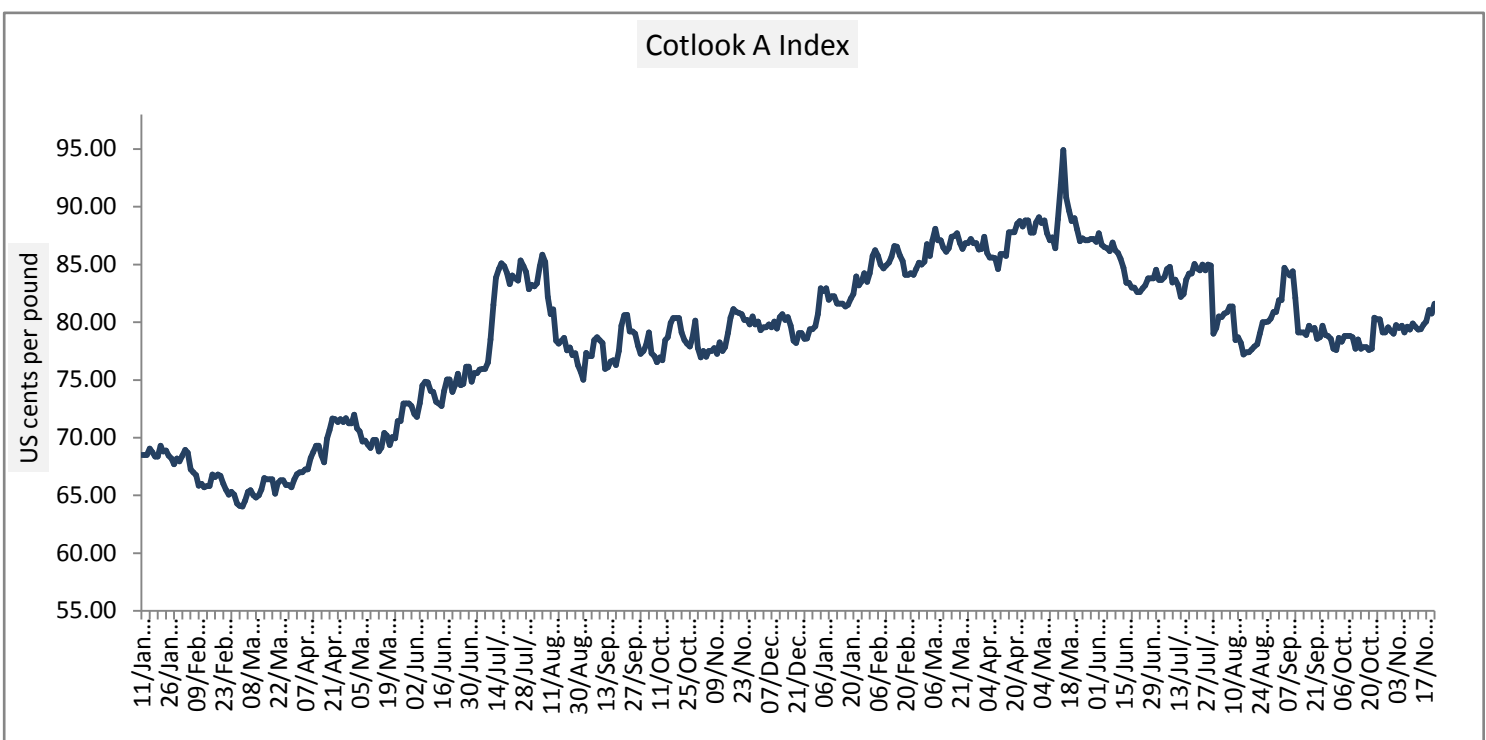
On the back of a favorable weather condition , increased acreage and yield; the Chinese govt. forecasted the country to produce 5.28 MT of cotton in 2017-18. Alongwith it, cotton consumption by the country is also projected to lie at 7.9 MT during 2017-18.

According to the Cotton Board of Zambia, it is likely to produce 117,000 tonnes of cotton this year compared to 116,000 tonnes in the previous year. Though the number of farmers cultivating cotton declined by over 20,000 from 277,560, production increased amid favourable weather in the growing regions.

In a bid to discourage imports and to promote domestic sowing and harvesting of cotton, the Pakistan govt. had re-imposed import duty of 4% & sales tax of 5% on import of cotton to the country that is going to get effective from 15th July, 2017.

Cotlook A Index

Cotlook A index remained firm during the week.





Cotlook A Index	Monthly Average Price as on		% Change
	Sep	Nov	
Prices	80.65	80.25	0.5
Prices in US cents per Pound			

China Cotton Index and Foreign Cotton Index

According to the National Bureau of Statistics, cotton production in China declined by 4.6 per cent in 2016 to 5.34 million tons compared to the previous year. Production has declined amid decline in acreage and yields. Acreage has declined by 11.1 per cent to 3.38 million hectares. Yields of cotton declined by 260,000 tons to 5.34 million tons.

In 2016, China's cotton yarn import declined by 30 per cent y-o-y to 960 mkg worth US\$2430 million. According to report released by www.yarnsandfibers.com (YarnsandFibers), imports from India declined by 49 per cent to US\$560 million for 231 mkg. Price-wise, Pakistan was the cheapest supplier of cotton yarn for China, followed by India and then by Vietnam.

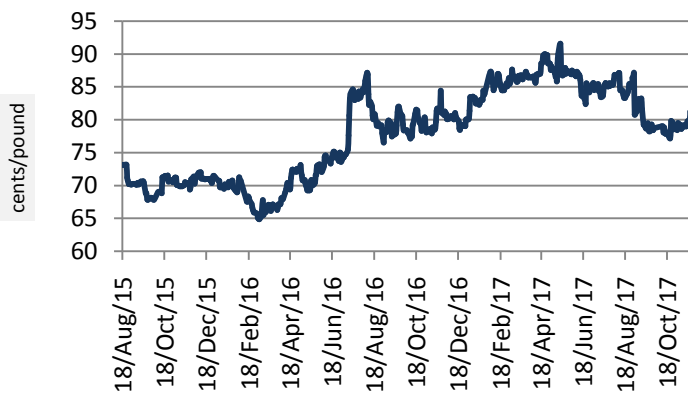
Cotton Index	Monthly Average Price as on		% Change
	Sep	Nov	
FC (S)	84.78	84.42	0.43
FC (M)	80.23	80.05	0.22
FC (L)	78.88	78.59	0.37
Prices in US cents per Pound			



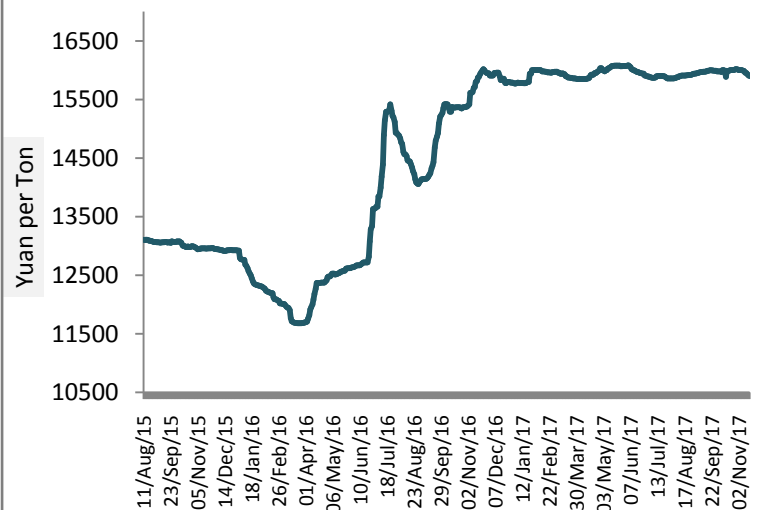
China Index remained pale during the week. CC Index (328) remained 15843 Yuan per ton during the week. Average was 15860 Yuan per ton during previous week.

Cotton Index	Monthly Average Price as on		% Change
	Sep	Nov	
CCIndex(328)	15843	15860	-0.54
CCIndex(527)	14813	14822	-0.48
CCIndex(229)	16355	16369	-0.57
Prices in Yuan per ton			

FC Index (M)



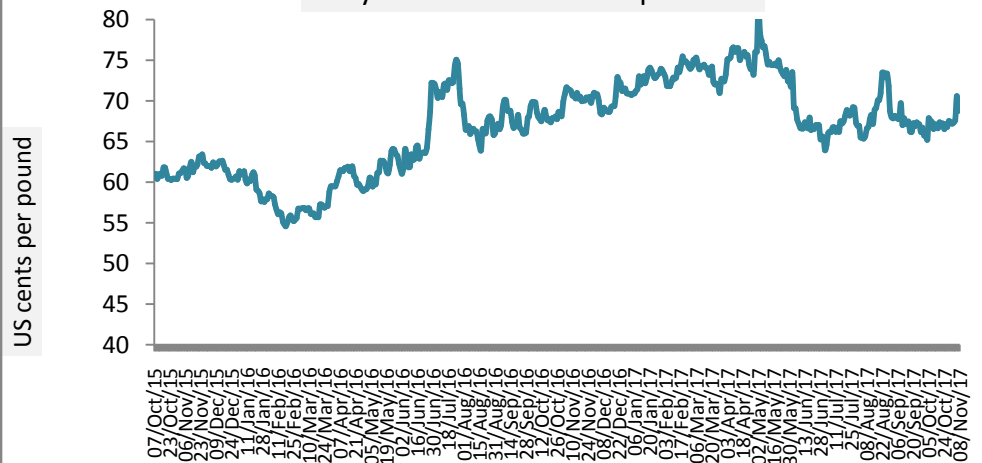
China Cotton Index(328)



USA Spot Prices

According to latest report of USDA, global 2017/18 cotton ending stocks are revised down this month. Production in China is estimated to be lower, based on arrivals at gins.

Daily Movement of USA Spot Price



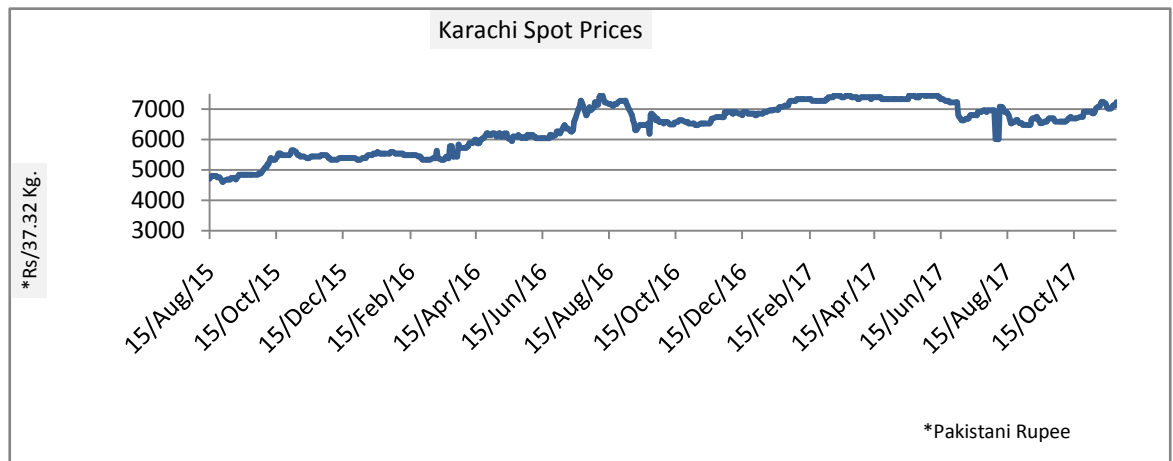


World ending stocks are now projected at 92.38 million bales

USA Spot Prices	Monthly Average Price as on		% Change
	Sep	Nov	
Prices	73.72	67.40	9.38
Prices in US cents per Pound			

Pakistan Spot Prices

Annual growth output of Cotton in Pakistan has increased to 12.3 per cent amid higher arrivals of seed cotton during the period October 01-15, 2017. Pakistan has harvested 8.134 million bales of cotton

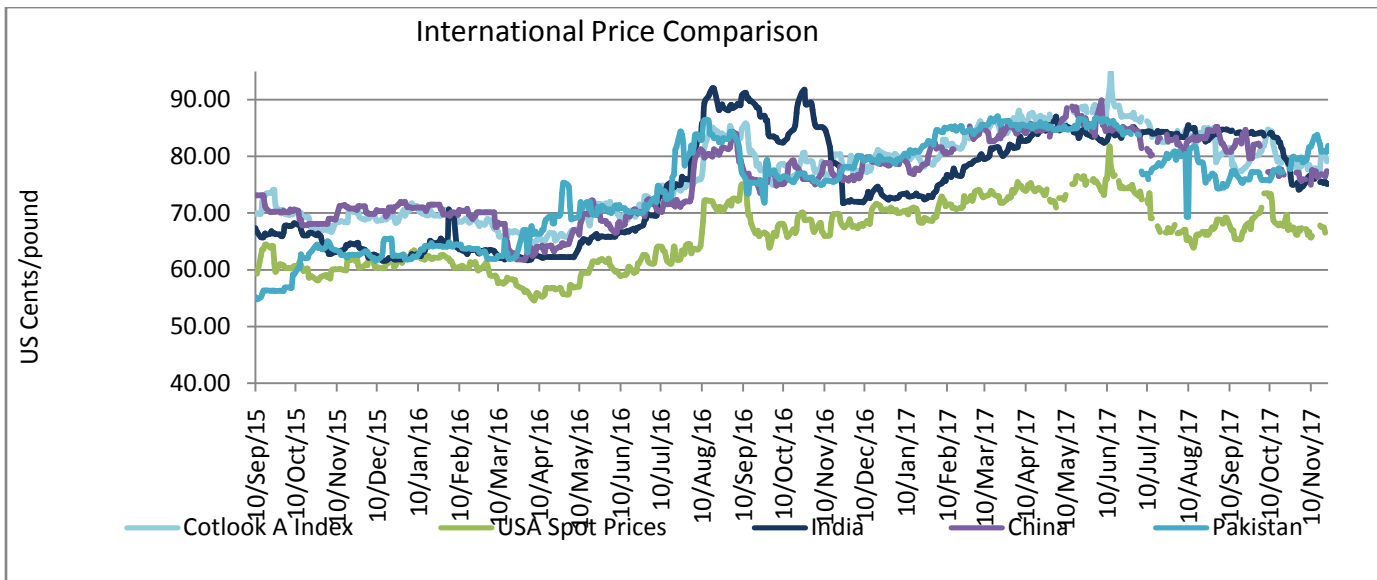


up to October 31, 2017 according to data released by the Pakistan Cotton Ginners Association. Seed cotton arrivals during the same period increased by 3 per cent to 389,490 bales. According to the latest estimates, Pakistan is expected to produce 9.15 million bales during the current season.

Karachi Spot Prices	Monthly Average Price as on		% Change
	Sep	Nov	
Prices	6745	7103	-5.04
Prices in Rs per 37.32 Kg			



International Price Comparison



Technical Analysis of Cotton Future (Dec'17 Contract) at ICE



Weekly Technical Outlook:

- Candlesticks denote bullish movement in the market.
- Volume decreased while Open Interest increased.
- We expect cotton prices to remain sideways to weak in the coming month.



Expected Price Range During Coming month

Expected Trend	Expected Trading Band
Range bound to Bearish Momentum	65.00-75.00

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
72.50	70.00	80.00	82.00

Figures in US cents/pound

Cotton Future Prices at ICE

Contracts	06-Dec	Week Ago	Month ago	Year Ago	%W-o-W change	%M-o-M change	%Y-o-Y change
Dec-17	75.17	75.04	68.85	71.33	0.17	9.18	5.38
Mar-18	72.72	72.81	69.1	71.76	-0.12	5.24	1.34
May-18	73.39	73.48	70.15	71.8	-0.12	4.62	2.21
Jul-18	73.8	73.83	70.86	71.13	-0.04	4.15	3.75
Oct-18	72.4	71.69	70.09	72.39	0.96	3.30	
Dec-18	71.88	70.71	69.96		1.63		

Domestic Cotton Prices and Arrivals at Key Centers

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Montly Prices Average (Rs./Quintal)		Change
State	Centre	Variety	November,2017	October,2017	
Gujarat	Ahmedabad	Shankar-6	4705	4921	-217
	Gondal	Shankar-6	4626	4890	-264
	Rajkot	B.T. Cotton	4689	4895	-206
	Patan	B.T. Cotton	4675	NA	-
	Kadi	B.T. Cotton	4782	4956	-174
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4589	4599	-10
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4815	4773	43



	Bhiwani	Desi	5194	NR	-
	Adampur	B.T. Cotton	4689	4600	89
	Fatehabad	B.T. Cotton	4755	4710	45
	Jind	B.T. Cotton	4804	4889	-85
	Uchana	B.T. Cotton	4785	4767	18
	Dabwali	B.T. Cotton	4595	4640	-45
Rajasthan	Hanumangarh	B.T. Cotton	4788	4682	106
	Rawatsar	B.T. Cotton	4635	4688	-53
Madhya Pradesh	Khandwa	Mech-1	4580	4569	11
	Khargaon	Mech-1	4730	4760	-29
Maharashtra	Amravati	Mech-1	4459	4291	169
	Jamner	Medium Staple	NR	NR	-
Uttar Pradesh	Hathras	B.T. Cotton	6036	5747	289
	Hathras	Desi	4798	4737	61
Telangana	Adilabad	Un-Ginned	4400	4549	-148
Andhra Pradesh	Guntur	Un-Ginned	3775	3738	38
	Kurnool	Un-Ginned	4597	4443	154
	Krishna	Un-Ginned	4320	4675	-355
	East Godavari	Un-Ginned	4319	4320	-1
Karnataka	Bijapur	Bunny	4865	5039	-174
	Hubli	D.C.H.	4973	4832	141
	Hubli	B.T. Cotton	6095	NA	-
	Raichur	H-44 Cotton	4480	4270	211
Commodity	Lint		Montly Prices Avg. (Rs./Maunder of 37.32kg each)		Change
State	Centre	Variety	November,2017	October,2017	
Punjab	Bhatinda	J-34	3877	3835	41
	Abohar	J-34	3878	3835	43
	Mansa	J-34	3859	3822	38
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3864	3854	10
Rajasthan	Sri-Ganganagar	J-34	3289	3119	169

Cotton Arrivals in Key Centers:

Commodity	Kapas		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	November,2017	October,2017	
Gujarat	Ahmedabad	Shankar-6	1322600	299200	1023400
	Gondal	Shankar-6	65769	16233	49536
	Rajkot	B.T. Cotton	111800	35906	75894
	Patan	B.T. Cotton	340110	NA	-



	Kadi	B.T. Cotton	1050000	187500	862500
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5784	1157	4627
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	86800	66200	20600
	Bhiwani	Desi	485	NR	NR
	Adampur	B.T. Cotton	72546	NR	NR
	Fatehabad	B.T. Cotton	25200	13750	11450
	Jind	B.T. Cotton	18513	20485	-1972
	Uchana	B.T. Cotton	64511	51895	12616
	Dabwali	B.T. Cotton	21605	20495	1110
Rajasthan	Hanumangarh	B.T. Cotton	61550	56900	4650
	Rawatsar	B.T. Cotton	49300	17600	31700
Madhya Pradesh	Khandwa	Mech-1	14500	4800	9700
	Khargaon	Mech-1	175073	119710	55363
Maharashtra	Amravati	Mech-1	197200	45300	151900
	Jamner	Medium Staple	NR	NR	-
Uttar Pradesh	Hathras	B.T. Cotton	1032	2900	-1868
	Hathras	Desi	330	1090	-760
Telangana	Adilabad	Un-Ginned	481142	238535	242607
Andhra Pradesh	Guntur	Un-Ginned	2035	2745	-710
	Kurnool	Un-Ginned	1035	1277	-242
	Krishna	Un-Ginned	NR	NR	-
	East Godavari	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	93572	16341	77231
	Hubli	D.C.H.	6332	158	6174
	Hubli	B.T. Cotton	446	NR	-
	Raichur	H-44 Cotton	43490	28437	15053
Commodity	Lint		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	November,2017	October,2017	
Punjab	Bhatinda	J-34	158780	153340	5440
	Abohar	J-34	31280	60690	-29410
	Mansa	J-34	14960	13005	1955
Haryana	Sirsa	J-34	31790	25636	6154
Rajasthan	Sri-Ganganagar	J-34	41800	9873	31927

Cotton Association of India Cotton Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
------------	--------	------------	------------------	---------------	---------------	--------



				November,2017	October,2017	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40454	38777	1676
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41446	39682	1765
J-34(202)	26mm	3.5 - 4.9	23	35900	35741	159
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	36911	38027	-1117
Shankar-6(105)	29mm	3.5 – 4.9	28	37514	38468	-954
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	38843	40464	-1621
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	41371	42359	-988
DCH-32(107)	34mm	3.0 - 3.8	33	50179	50409	-231

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp> © 2017 Indian Agribusiness Systems Pvt Ltd.