

Domestic Fundamentals:

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

In The News: Polyester-Cotton yarn exports from India declined in November 2016 by 21.6 per cent Y-o-Y to 5.4 million kg which was worth US\$14.6 million. Bangladesh and Brazil were the largest importers during November 2016 followed by Egypt. Djibouti was the major destination among the 8 new markets found in November.

Cotton prices in the domestic markets have increased amid purchase by Cotton Corporation of India at commercial rates from different parts of key cotton growing regions in the country. According to official sources at CCI, prices have firmed up to Rs.41,500 per candy from the prevailing rates of Rs.38,000 per candy and farmers are now getting better rates from traders. Prices in the international market are currently prevailing around Rs.42,000 per candy.

According to the latest estimates by the Cotton Association Of India, India is likely to produce 345 lakh bales cotton in 2016-17 compared to 338 lakh bales during the previous season. Improvement in productivity amid favourable weather condition in the cotton growing regions has supported the growth of the crop. Though the productivity of the country is below world average, government initiatives and scientific research will help to achieve the average productivity level soon.

According to ICRA, weak exports and higher domestic cotton prices is likely to affect the profitability of the spinners. Cotton prices have been firm recently amid demonetization drive and uncertainty pertaining to current season crop size. Cotton yarn exports have been declining following lower demand from China and improved local usage. The improved domestic mill consumption in China has reduced its dependence upon imports, affecting yarn exports from India. In the first seven months of the financial year 2016 -17, cotton yarn export quantity declined by 23% y-o-y.

The Cotton Corporation of India is purchasing fiber at market rates from various parts of the country to ensure supplies for its customers in the textiles industry. The corporation is expected to purchase up to 15 lakh bales this season according to official sources. Market prices have firmed up recently as arrivals have declined post demonetization. It is likely to purchase from West, Central and the Southern markets of the country.

India the largest producer of cotton is likely to buy up to 2 million bales of cotton this year. Till date India has imported around 1.5 million bales of cotton and has already signed contracts to purchase an additional 400,00 bales according to government sources. Imports have increased amid lower domestic production and lower prices in the global markets.

The Foreign Agriculture Services (FAS), division of USDA has lowered the production forecast for India in its latest report to 356 lakh bales. The reason for the downfall in the revision is lower yield expectation in Punjab and Haryana due to the attack of white fly and impact of pink bollworm in Gujarat.

International Fundamentals:

According to the International Cotton Advisory Committee (ICAC), cotton prices in the global market are likely to decline in the second half of 2016 -17 amid increase in production and steady demand. The ICAC Secretariat has forecast the season-average for Cotlook A Index in 2016-17 (starting October-September) will range between 66 and 83 cents per lb, with a midpoint of 74 cents/lb, which would be 4 cents/lb higher than last season.

According to Cotton Australian Chief, India is purchasing more cotton from Australia amid lack of supply in the domestic market. This is benefitting Australia as production is expected to increase significantly this season. In the past, Australia exported 2-3 per cent of the crop to India. In 2015-16, 25 per cent of the crop was exported to India. The December Australian Bureau of Agricultural and Resource Economics and Sciences crop report estimated cotton production in New South Wales would rise 62 per cent in 2016-17 from the previous season to 637,000 tonnes of cotton lint and 900,000 tonnes of seed following an increase in area planted to 312,000 ha.

According to USDA latest report, global 2016/17 cotton ending stocks are revised up this month. World 2016-17 cotton production is projected at 105.34 million bales, around 9.20 per cent above last season. World ending stocks are now projected higher at 90.65 million bales. For India, production is forecast at 27.00 million bales, same as previous month's estimates and India's crop is estimated 2.27 per cent above 2015/16.

Outlook

We expect domestic prices to remain range bound to weak in the near -term.

NCDEX Kapas Futures*: (Prices in Rs/20kg)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Con_1	+5.50	1023	1023	997.5	1003	6316	617	10595	-11
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	197	-	-
May-17	-	-	-

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)

*Updated at 6:24 pm as on 13 –Jan 2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-17	-340	20250	20270	19940	20050	2985	-1356	4653	-355
Mar-17	-360	20400	20420	20080	20190	2449	-1001	7474	821

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Jan-17		-140		-	-	-
Mar-17			-	-	-	-
	—			-	-	-

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

* Updated at 6:24 pm as on 13 –Jan 2017

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	13-Jan-17	12-Jan-17	
Gujarat	Ahmedabad	Shankar-6	5900	5900	Unch
	Gondal	Shankar-6	NR	5905	-
	Rajkot	B.T. Cotton	6000	5875	125
	Patan	B.T. Cotton	5280	5830	-550
	Kadi	B.T. Cotton	5750	5800	-50
	Deesa	B.T. Cotton	5410	Closed	-
	Dhrol	B.T. Cotton	5955	5790	165
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5850	5900	-50
	Bhiwani	Desi	5000	5000	Unch
	Adampur	B.T. Cotton	5855	5850	5
	Fatehabad	B.T. Cotton	5850	5800	50
	Jind	B.T. Cotton	5900	5875	25
	Uchana	B.T. Cotton	5957	5885	72
	Dabwali	B.T. Cotton	5670	5725	-55
Rajasthan	Hanumangarh	B.T. Cotton	5890	5920	-30
	Rawatsar	B.T. Cotton	5800	5850	-50
Madhya Pradesh	Khandwa	Mech-1	5600	5700	-100
	Khargaon	Mech-1	5865	5750	115
Maharashtra	Amravati	Mech-1	5275	5375	-100
	Jamner	Medium Staple	NA	5135	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	NR	-
	Hathras	Desi	NR	NR	-
Telangana	Adilabad	Un-Ginned	NR	5400	-
Andhra Pradesh	Guntur	Un-Ginned	NA	4200	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	4160	-
Karnataka	Bijapur	Bunny	NR	NR	-
	Hubli	D.C.H.	5981	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	5670	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	13-Jan-17	12-Jan-17	

Punjab	Bhatinda	J-34	4470	4445	25
	Abohar	J-34	4470	4440	30
	Mansa	J-34	4470	4450	20
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4385	4385	Unch
Rajasthan	Sri-Ganganagar	J-34	4136	4136	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	13-Jan-17	12-Jan-17	
Gujarat	Ahmedabad	Shankar-6	47600	47600	Unch
	Gondal	Shankar-6	NR	2962	-
	Rajkot	B.T. Cotton	4600	4800	-200
	Patan	B.T. Cotton	6980	7998	-1018
	Kadi	B.T. Cotton	45000	35000	10000
	Deesa	B.T. Cotton	13	Closed	-
	Dhrol	B.T. Cotton	562	587	-25
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	2000	2000	Unch
	Bhiwani	Desi	150	100	50
	Adampur	B.T. Cotton	1020	1020	Unch
	Fatehabad	B.T. Cotton	1000	800	200
	Jind	B.T. Cotton	340	200	140
	Uchana	B.T. Cotton	2100	2195	-95
	Dabwali	B.T. Cotton	700	1150	-450
Rajasthan	Hanumangarh	B.T. Cotton	1500	1500	Unch
	Rawatsar	B.T. Cotton	2500	700	1800
Madhya Pradesh	Khandwa	Mech-1	3000	3000	Unch
	Khargaon	Mech-1	9390	9930	-540
Maharashtra	Amravati	Mech-1	24000	24000	Unch
	Jamner	Medium Staple	NA	325	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	NR	-
	Hathras	Desi	NR	NR	-
Telangana	Adilabad	Un-Ginned	NR	10794	-
Andhra Pradesh	Guntur	Un-Ginned	NA	445	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NR	NR	-

	Hubli	D.C.H.	40	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	1552	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	13-Jan-17	12-Jan-17	
Punjab	Bhatinda	J-34	3400	5100	-1700
	Abohar	J-34	680	850	-170
	Mansa	J-34	680	765	-85
Haryana	Sirsa	J-34	680	850	-170
Rajasthan	Sri-Ganganagar	J-34	400	1490	-1090

DOMESTIC PRICES AND ARRIVALS

Cotton Association of India Spot Rates:						
Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				12-Jan-17	11-Jan-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	30800	30300	500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	31800	31300	500
J-34(202)	26mm	3.5 - 4.9	23	41700	41000	700
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41100	40500	600
Shankar-6(105)	29mm	3.5 - 4.9	28	41700	41100	600
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42400	41800	600
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43200	42600	600
DCH-32(107)	34mm	3.0 - 3.8	33	55000	54700	300

Cotton Seed Oil Prices

Refined Cotton Seed Oil at Key Centers:

Centre	Unit	Price		Change
		13-Jan-17	12-Jan-17	
Rajkot	Rs. /10 Kg.	700	695	5
New Delhi	Rs. /10 Kg.	695	688	7
Hyderabad	Rs. /10 Kg.	670	670	Unch
Mumbai	Rs. /10 Kg.	690	690	Unch

Cotton Seed Oil Seed Cake Prices

Cotton Seed Oil Cake Prices at Key Centers:

Centre	Unit	Price		Change
		13-Jan-17	12-Jan-17	

Mahesana (Kadi)	Rs./Qtl	2278	2262	16
Akola	Rs./Qtl	2196	2185	11

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 13-January-2017</u>			
Index	RMB/Ton	Change	
CCIndex(328)	15789	8	
CCIndex(527)	14856	1	
CCIndex(229)	16128	9	
RMB -Renminbi, 1RMB =0.16 \$U.S.			

<u>China Foreign Cotton (FCE) Index : As on 13-January-2017</u>		
Index	Cents/lb	Change
FC Index (S)	84.98	-1.06
FC Index (M)	82.48	-0.81
FC Index (L)	80.86	-0.75

<u>Cotlook Index: As on 12-January-2017</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	82.25	Unch

<u>USDA Cotton Spot Rates: As on 12-January-2017</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	73.34	75.59	NIL
North Delta	72.34	74.59	NIL
South Delta	72.34	74.59	NIL
East TX-OK	70.5	71.75	2186
West Texas	70.25	71.75	12185
Desert SW	68.34	72.84	NIL
SJ Valley	69.34	79.24	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 12-January-2017

Contract	Open	High	Low	Close	Change
Mar-17	73.25	73.80	72.25	72.34	-0.80
May-17	73.75	74.27	72.78	72.85	-0.81
Jul-17	74.26	74.70	73.32	73.38	-0.79
Oct-17	72.00	72.03	71.67	71.67	-0.25
Dec-17	71.36	71.75	70.78	71.10	-0.26
Mar-18	71.89	71.89	71.02	71.35	-0.30

Pakistan Cotton Spot rates: As on 12-January-2017
(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6350	135	6485
Equivalent	40 Kgs	6805	145	6950

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