Domestic Fundamentals:

Market Outlook: Cotton spot markets witnessed range –bound to positive tone on Tuesday.

In The News: : In its mid season estimates, Cotton Association Of India (CAI) has revised its cotton crop estimate downward at 341 lakh bales for the 2016-17 season compared to the earlier estimates of 346 lakh bales estimated in October. CAI projected total cotton supply of 404 lakh bales, with domestic consumption at 290 lakh bales, thereby leaving an available surplus of 114 lakh bales in its crop estimates for December 2016.

In 2016 kharif season, all India cotton acreage was reported at 102.79 lakh hectares compared to116.41 lakh hectares during the previous season loosing around 20 per cent area to pulses. The Centre had also asked the farmers not to sow cotton in view of a very bad season in the previous year and some farmers kept away from cotton amid fear of poor performance of Bt Cotton. However it is likely to make a comeback in the upcoming kharif season as farmers have fetched good price for the crop. Prices touched around Rs.6000 - 6500/qtl levels in September 2016 compared to Rs.4000-4500/qtl during the same period previous year. Farmers who shifted to pulses are likely to make a comeback to cotton following lower prices of pulses. According to industry sources, acreage under cotton is likely to increase by around 20 per cent this season. However the exact picture will be clear depending on south-west monsoon, availability of seeds and farmers awareness.

According to the Cotton Corporation Of India (CCI), producing contamination free cotton is the biggest duty for the country. Indian cotton is sold at discounted rates in comparison to equivalent foreign cotton. Contamination is mainly at farm level due to small land holdings by farmers, manual picking and different climatic conditions. Indian cotton is mostly contaminated with various foreign materials like jute twine, dust, plastic, fibre during handling at farm level and processing of cotton in ginning and pressing factories according to industry sources.

According to the latest release by the Cotton Corporation of India (CCI), total cotton consumption in India is likely to be 313 lakh bales in 2017 compared to 312 lakh bales during the previous season. Acreage under cotton is likely to decline by 12 per cent to 105 lakh hectares compared to previous season amid delayed rains, fear of pest attacks and farmers shifting over to other crops. Production is likely to increase by 4 per cent to 351 lakh bales during the current season.

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.

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.

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:

Brazilian cotton prices are likely to be firm in 2017 amid lower output of harvested cotton from the 2015- 16 crop and lower ending stocks of the same crop. According to CONAB, 2017 began with cotton inventories at only 162,900 tons, the lowest level since 2010-11 and although an increase in the 2016-17 crop is expected, availability of cotton in the market is estimated at 1.6 million tons, a volume last observed in the 2009-10 season.

According to the latest Chinese customs data, cotton yarn imports declined by 15.9% to 1.97 million tons in 2016 compared with 2015.

In the 2016-17 cotton marketing year, US cotton exports are likely to increase by 35 per cent. US market share of world cotton trade is forecast to increase as exports have increased 66 per cent year on year in the first five months of the current marketing year. The higher cotton export growth was mainly due to higher exports to China, Indonesia, Vietnam and other small countries.

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 firm in the near -term.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Con_1	-3.50	1036.5	1040	1030	1031	3815	-530	11771	123
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	182	-	-
May-17	-	-	-

(**NB**: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)
*Updated at 5:22 pm as on 24 –Jan 2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-17	+80	20780	20950	20750	20810	3057	-1199	9101	6609
Mar-17	+80	21020	21090	20930	20980	1142	1085	3667	-5328

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	__			-	-	-
Jan-17		-175		-	-	-
Mar-17			-	-	-	-
	__			-	-	-

(**NB**: Spread Basis = Spot- Near Month Future)
* Updated at 5:22 pm as on 24 –Jan 2017

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	24-Jan-17	23-Jan-17	
Gujarat	Ahmedabad	Shankar-6	6000	5900	100
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	6075	6035	40
	Patan	B.T. Cotton	5935	5885	50
	Kadi	B.T. Cotton	5800	5850	-50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	6025	6055	-30
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	6150	6100	50
	Bhiwani	Desi	5200	5100	100
	Adampur	B.T. Cotton	6060	5975	85
	Fatehabad	B.T. Cotton	6090	5880	210
	Jind	B.T. Cotton	6121	6000	121
	Uchana	B.T. Cotton	6050	5987	63
	Dabwali	B.T. Cotton	5930	5825	105
Rajasthan	Hanumangarh	B.T. Cotton	6070	6000	70
	Rawatsar	B.T. Cotton	5960	5900	60
Madhya Pradesh	Khandwa	Mech-1	5720	5700	20
	Khargaon	Mech-1	5900	5765	135
Maharashtra	Amravati	Mech-1	5300	5350	-50
	Jamner	Medium Staple	5183	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	NR	-
	Hathras	Desi	NR	NR	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Andhra Pradesh	Guntur	Un-Ginned	4200	4200	Unch
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4160	4160	Unch
Karnataka	Bijapur	Bunny	6209	6216	-7
	Hubli	D.C.H.	6800	NA	-
	Hubli	B.T. Cotton	6219	NA	-
	Raichur	H-44 Cotton	NA	5850	-
Commodity	**Lint**		**Prices (Rs./Maund)**		**Change**
State	**Centre**	**Variety**	**24-Jan-17**	**23-Jan-17**	
Punjab	Bhatinda	J-34	4575	4530	45

	Abohar	J-34	4560	4530	30
	Mansa	J-34	4560	4520	40
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4500	4470	30
Rajasthan	Sri-Ganganagar	J-34	4512	4512	Unch

Cotton Arrivals in Key Centers:

Commodity	**Kapas**		**Arrivals (Quintal)**		**Change**
State	**Centre**	**Variety**	**24-Jan-17**	**23-Jan-17**	
Gujarat	Ahmedabad	Shankar-6	59500	51000	8500
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	5600	5800	-200
	Patan	B.T. Cotton	12127	13557	-1430
	Kadi	B.T. Cotton	40000	60000	-20000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	705	541	164
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	3000	2500	500
	Bhiwani	Desi	100	100	Unch
	Adampur	B.T. Cotton	850	850	Unch
	Fatehabad	B.T. Cotton	700	1000	-300
	Jind	B.T. Cotton	340	340	Unch
	Uchana	B.T. Cotton	500	600	-100
	Dabwali	B.T. Cotton	1300	1300	Unch
Rajasthan	Hanumangarh	B.T. Cotton	1500	1500	Unch
	Rawatsar	B.T. Cotton	700	2500	-1800
Madhya Pradesh	Khandwa	Mech-1	3000	3000	Unch
	Khargaon	Mech-1	1225	1041	184
Maharashtra	Amravati	Mech-1	25000	24000	1000
	Jamner	Medium Staple	304	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	NR	-
	Hathras	Desi	NR	NR	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Andhra Pradesh	Guntur	Un-Ginned	375	723	-348
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	2065	2995	-930
	Hubli	D.C.H.	22	NA	-

State	Centre	Variety	24-Jan-17	23-Jan-17	Change
	Hubli	B.T. Cotton	94	NA	-
	Raichur	H-44 Cotton	NA	2872	-
Commodity	**Lint**		**Arrivals (Quintal)**		**Change**
State	**Centre**	**Variety**	**24-Jan-17**	**23-Jan-17**	
Punjab	Bhatinda	J-34	5100	5950	-850
	Abohar	J-34	1020	850	170
	Mansa	J-34	1020	1190	-170
Haryana	Sirsa	J-34	850	850	Unch
Rajasthan	Sri-Ganganagar	J-34	500	500	Unch

DOMESTIC PRICES AND ARRIVALS

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				23-Jan-17	21-Jan-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	31600	31400	200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	32600	32400	200
J-34(202)	26mm	3.5 - 4.9	23	42100	42100	Unch
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	41500	41200	300
Shankar-6(105)	29mm	3.5 – 4.9	28	42100	41800	300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42900	42400	500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43200	42700	500
DCH-32(107)	34mm	3.0 - 3.8	33	55800	55800	Unch

Cotton Seed Oil Prices

Refined Cotton Seed Oil at Key Centers:

Centre	Unit	Price		Change
		24-Jan-17	23-Jan-17	
Rajkot	Rs. /10 Kg.	715	715	Unch
New Delhi	Rs. /10 Kg.	705	705	Unch
Hyderabad	Rs. /10 Kg.	665	665	Unch
Mumbai	Rs. /10 Kg.	700	695	5

Cotton Seed Oil Seed Cake Prices

Cotton Seed Oil Cake Prices at Key Centers:

Centre	Unit	Price		Change
		24-Jan-17	23-Jan-17	
Mahesana (Kadi)	Rs./Qtl	2365	2355	10
Akola	Rs./Qtl	2289	2300	-11

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 24-January-2017

Index	RMB/Ton	Change
CCIndex(328)	15787	10
CCIndex(527)	14839	Unch
CCIndex(229)	16157	7

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

China Foreign Cotton (FCE) Index : As on 23-January-2017

Index	Cents/lb	Change
FC Index (S)	85.52	Unch
FC Index (M)	83.00	Unch
FC Index (L)	81.26	Unch

Cotlook Index: As on 23-January-2017

Cotlook Indices	Cents/Pound	Change
A-Index	82.45	0.40

USDA Cotton Spot Rates: As on 23-January-2017

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	75.63	77.88	NIL
North Delta	74.63	76.88	NIL
South Delta	74.63	76.88	NIL
East TX-OK	72.00	73.25	15697
West Texas	72.00	73.50	38709
Desert SW	70.63	75.13	NIL
SJ Valley	71.63	81.53	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 23-January-2017					
Contract	**Open**	**High**	**Low**	**Close**	**Change**
Mar-17	73.14	74.94	73.03	74.63	**1.59**
May-17	73.72	75.43	73.70	75.17	**1.50**
Jul-17	74.34	75.87	74.34	75.65	**1.40**
Oct-17	72.73	72.73	72.73	72.73	**0.84**
Dec-17	71.20	72.19	71.20	71.92	**0.73**
Mar-18	71.52	72.10	71.52	71.90	**0.60**

Pakistan Cotton Spot rates: As on 23-January-2017				(in Pakistan Rupees)
Product	**Rate for**	**Ex-Gin Price**	**Up Country Sales**	**Spot Rate Karachi**
Cotton	37.32 Kgs	6500	135	6635
Equivalent	40 Kgs	6966	145	7111