

Domestic Fundamentals:

Market Outlook: Cotton spot markets noticed range –bound to weak tone on Wednesday.

In The News: : According to industry sources, cotton supplies in the Indian spot markets declined by 15.9 per cent to 10.8 million bales during October –December 2016 compared to same period previous year. Supplies declined amid demonetization by the Indian government in the first week of November 2016.

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 to 116.41 lakh hectares during the previous season losing 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/ql levels in September 2016 compared to Rs.4000-4500/ql 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.

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	+9.00	1007.5	1018	1002	1016	5908	2093	11647	-124
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	184	-	-
May-17	-	-	-

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

*Updated at 5:04 pm as on 25 –Jan 2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-17	+70	20370	20480	20250	20420	2708	349	8888	-213
Mar-17	+40	20600	20660	20410	20570	804	338	4017	350

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Jan-17		-150		-	-	-
Mar-17			-	-	-	-
	—			-	-	-

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

* Updated at 5:04 pm as on 25 –Jan 2017

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	25-Jan-17	24-Jan-17	
Gujarat	Ahmedabad	Shankar-6	6000	6000	Unch
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	6000	6075	-75
	Patan	B.T. Cotton	5825	5935	-110
	Kadi	B.T. Cotton	5900	5800	100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5985	6025	-40
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	6100	6150	-50
	Bhiwani	Desi	5100	5200	-100
	Adampur	B.T. Cotton	6000	6060	-60
	Fatehabad	B.T. Cotton	6050	6090	-40
	Jind	B.T. Cotton	6100	6121	-21
	Uchana	B.T. Cotton	5960	6050	-90
	Dabwali	B.T. Cotton	5860	5930	-70
Rajasthan	Hanumangarh	B.T. Cotton	6040	6070	-30
	Rawatsar	B.T. Cotton	5850	5960	-110
Madhya Pradesh	Khandwa	Mech-1	5650	5720	-70
	Khargaon	Mech-1	5850	5900	-50
Maharashtra	Amravati	Mech-1	5300	5300	Unch
	Jamner	Medium Staple	5182	5183	-1
Uttar Pradesh	Hathras	B.T. Cotton	4850	NR	-
	Hathras	Desi	4600	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	6609	6209	400
	Hubli	D.C.H.	NA	6800	-
	Hubli	B.T. Cotton	5839	6219	-380
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	25-Jan-17	24-Jan-17	
Punjab	Bhatinda	J-34	4570	4575	-5

	Abohar	J-34	4570	4560	10
	Mansa	J-34	4550	4560	-10
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4500	4500	Unch
Rajasthan	Sri-Ganganagar	J-34	4818	4512	306

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	25-Jan-17	24-Jan-17	
Gujarat	Ahmedabad	Shankar-6	59500	59500	Unch
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	6700	5600	1100
	Patan	B.T. Cotton	11386	12127	-741
	Kadi	B.T. Cotton	40000	40000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	858	705	153
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	3000	3000	Unch
	Bhiwani	Desi	100	100	Unch
	Adampur	B.T. Cotton	850	850	Unch
	Fatehabad	B.T. Cotton	450	700	-250
	Jind	B.T. Cotton	425	340	85
	Uchana	B.T. Cotton	500	500	Unch
	Dabwali	B.T. Cotton	800	1300	-500
Rajasthan	Hanumangarh	B.T. Cotton	1500	1500	Unch
	Rawatsar	B.T. Cotton	700	700	Unch
Madhya Pradesh	Khandwa	Mech-1	3000	3000	Unch
	Khargaon	Mech-1	1295	1225	70
Maharashtra	Amravati	Mech-1	22000	25000	-3000
	Jamner	Medium Staple	10	304	-294
Uttar Pradesh	Hathras	B.T. Cotton	NA	NR	-
	Hathras	Desi	30	NR	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Andhra Pradesh	Guntur	Un-Ginned	315	375	-60
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	2836	2065	771
	Hubli	D.C.H.	NA	22	-

	Hubli	B.T. Cotton	4	94	-90
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	25-Jan-17	24-Jan-17	
Punjab	Bhatinda	J-34	3400	5100	-1700
	Abohar	J-34	1020	1020	Unch
	Mansa	J-34	595	1020	-425
Haryana	Sirsa	J-34	340	850	-510
Rajasthan	Sri-Ganganagar	J-34	208	500	-292

DOMESTIC PRICES AND ARRIVALS

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				24-Jan-17	23-Jan-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	32100	31600	500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	33100	32600	500
J-34(202)	26mm	3.5 - 4.9	23	42600	42100	500
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41900	41500	400
Shankar-6(105)	29mm	3.5 - 4.9	28	42600	42100	500
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43600	42900	700
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43900	43200	700
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
		25-Jan-17	24-Jan-17	
Rajkot	Rs. /10 Kg.	720	715	5
New Delhi	Rs. /10 Kg.	705	705	Unch
Hyderabad	Rs. /10 Kg.	670	665	5
Mumbai	Rs. /10 Kg.	695	700	-5

Cotton Seed Oil Seed Cake Prices

Cotton Seed Oil Cake Prices at Key Centers:

Centre	Unit	Price		Change
		25-Jan-17	24-Jan-17	
Mahesana (Kadi)	Rs./Qtl	2328	2365	-37
Akola	Rs./Qtl	2285	2289	-4

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 25-January-2017

Index	RMB/Ton	Change
CCIndex(328)	15799	12
CCIndex(527)	14842	3
CCIndex(229)	16160	3

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 24-January-2017

Cotlook Indices	Cents/Pound	Change
A-Index	83.95	1.50

USDA Cotton Spot Rates: As on 24-January-2017

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	74.57	76.82	556
North Delta	73.57	75.82	NIL
South Delta	73.57	75.82	NIL
East TX-OK	71.00	72.25	3476
West Texas	71.00	72.50	15191
Desert SW	69.57	74.07	NIL
SJ Valley	70.57	80.47	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 24-January-2017

Contract	Open	High	Low	Close	Change
Mar-17	74.64	75.00	72.53	73.57	-1.06
May-17	75.15	75.51	73.24	74.37	-0.80
Jul-17	75.68	75.99	73.85	75.02	-0.63
Oct-17	71.28	72.35	71.28	72.35	-0.38
Dec-17	71.91	72.00	70.78	71.62	-0.30
Mar-18	71.94	71.94	70.90	71.54	-0.36

Pakistan Cotton Spot rates: As on 24-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

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 © 2017 Indian Agribusiness Systems Pvt. Ltd.