

Domestic Fundamentals:

Market Outlook: Cotton spot markets noticed mostly firm tone on Monday.

In The News: : According to industry sources, Indian cotton exporters have cancelled orders for around 25,000 bales and postponed shipments of about 200,000 bales by up to a month amid lack of availability in the domestic market. Cotton prices have increased to around Rs.6000/qtl levels in the domestic market amid good demand from the mills and lower supply. Farmers are holding stocks in anticipation of better prices in the future. Some Indian textile mills have started importing cheaper fibre from the global markets. Imported cotton is around 2 cents/lb lower than the domestic cotton. Higher prices in the domestic market will help other suppliers like Brazil, United States and the African countries to boost their exports.

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/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 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.

International Fundamentals:

In its first estimate of the 2017/18 crop, the International Cotton Advisory Committee predicts that world cotton output will rise by 2% to 23.4 million tons. The expansion is the result of an increase in planted area, which is expected to grow by 5% to 30.6 million hectares after two seasons of contraction. After improving by 13% to 781 kg/ha in 2016/17, the world average yield is projected to decline by 2% to 764 kg/ha.

Uzbekistan, one of the major cotton producing countries is planning to process all cotton produced in the country into textiles by 2020. Currently the country processes around 40 per cent of the cotton and exports textiles to over 50 countries. The country plans to invest around \$2.2 billion to achieve the goal, half of which the country expects to come from foreign investments. There is also a plan to build textile complexes, which will house facilities beginning from spinning till processing of fabrics.

According to USDA latest report, global 2016/17 cotton ending stocks are revised down this month. World 2016-17 cotton production is projected at 105.42 million bales, around 9.28 per cent above last season. World ending stocks are now projected higher at 89.90 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	-4.50	1030	1033	1019	1024	5023	748	11903	-744
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	166	-	-
May-17	-	-	-

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)
*Updated at 6:33 pm as on 13 –Feb 2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-17	20	20890	20890	20660	20790	2748	-1080	7052	-469
Mar-17	20	21070	21080	20830	20950	2052	-801	6860	726

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Jan-17		-160		-	-	-
Mar-17			-	-	-	-
	—			-	-	-

(NB: Spread Basis = Spot- Near Month Future)
* Updated at 6:33 pm as on 13 –Feb 2017

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	13-Feb-17	10-Feb-17	
Gujarat	Ahmedabad	Shankar-6	6000	5900	100
	Gondal	Shankar-6	5930	5915	15
	Rajkot	B.T. Cotton	5950	5890	60
	Patan	B.T. Cotton	5870	5850	20
	Kadi	B.T. Cotton	5900	5900	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5855	5900	-45
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	6200	6100	100
	Bhiwani	Desi	5700	5500	200
	Adampur	B.T. Cotton	6000	6020	-20
	Fatehabad	B.T. Cotton	6025	6010	15
	Jind	B.T. Cotton	6196	6173	23
	Uchana	B.T. Cotton	6015	5950	65
	Dabwali	B.T. Cotton	5885	5950	-65
Rajasthan	Hanumangarh	B.T. Cotton	6045	5985	60
	Rawatsar	B.T. Cotton	6050	5900	150
Madhya Pradesh	Khandwa	Mech-1	5600	Closed	-
	Khargaon	Mech-1	5825	5780	45
Maharashtra	Amravati	Mech-1	5400	5350	50
	Jamner	Medium Staple	5392	5391	1
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5480	5470	10
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4160	4160	Unch
Karnataka	Bijapur	Bunny	NA	5971	-
	Hubli	D.C.H.	6219	6169	50
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5970	5900	70
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	13-Feb-17	10-Feb-17	
Punjab	Bhatinda	J-34	4660	4600	60

	Abohar	J-34	4660	4610	50
	Mansa	J-34	4650	4600	50
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4590	4530	60
Rajasthan	Sri-Ganganagar	J-34	NR	4741	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	13-Feb-17	10-Feb-17	
Gujarat	Ahmedabad	Shankar-6	68000	51000	17000
	Gondal	Shankar-6	3298	3491	-193
	Rajkot	B.T. Cotton	4625	5250	-625
	Patan	B.T. Cotton	5297	5037	260
	Kadi	B.T. Cotton	65000	40000	25000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	465	621	-156
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	3000	1500	1500
	Bhiwani	Desi	100	100	Unch
	Adampur	B.T. Cotton	680	850	-170
	Fatehabad	B.T. Cotton	550	800	-250
	Jind	B.T. Cotton	255	238	17
	Uchana	B.T. Cotton	5150	2000	3150
	Dabwali	B.T. Cotton	750	700	50
Rajasthan	Hanumangarh	B.T. Cotton	1000	1500	-500
	Rawatsar	B.T. Cotton	700	1000	-300
Madhya Pradesh	Khandwa	Mech-1	3000	Closed	-
	Khargaon	Mech-1	8280	7650	630
Maharashtra	Amravati	Mech-1	16000	15000	1000
	Jamner	Medium Staple	315	337	-22
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	9400	11234	-1834
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	2235	-
	Hubli	D.C.H.	52	80	-28

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	1762	1432	330
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	13-Feb-17	10-Feb-17	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	1360	1360	Unch
	Mansa	J-34	850	935	-85
Haryana	Sirsa	J-34	1360	1360	Unch
Rajasthan	Sri-Ganganagar	J-34	NR	1712	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				11-Feb-17	9-Feb-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	33400	32500	900
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	34400	33500	900
J-34(202)	26mm	3.5 - 4.9	23	43400	42400	1000
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42200	41500	700
Shankar-6(105)	29mm	3.5 - 4.9	28	42800	42100	700
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43900	43200	700
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44400	43700	700
DCH-32(107)	34mm	3.0 - 3.8	33	55600	55600	Unch

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

Centre	Unit	Price		Change
		13-Feb-17	10-Feb-17	
Rajkot	Rs. /10 Kg.	685	700	-15
New Delhi	Rs. /10 Kg.	695	700	-5
Hyderabad	Rs. /10 Kg.	670	675	-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
		13-Feb-17	10-Feb-17	
Mahesana (Kadi)	Rs./Qtl	2252	2271	-19
Akola	Rs./Qtl	2269	2280	-11

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 13-February-2017</u>		
Index	RMB/Ton	Change
CCIndex(328)	15999	Unch
CCIndex(527)	15032	12
CCIndex(229)	16418	13
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 13-February-2017</u>		
Index	Cents/lb	Change
FC Index (S)	88.78	0.98
FC Index (M)	86.09	0.88
FC Index (L)	84.76	0.86

<u>Cotlook Index: As on 10-February-2017</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	85.15	0.25

<u>USDA Cotton Spot Rates: As on 10-February-2017</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	75.82	77.07	NIL
North Delta	75.07	76.32	NIL
South Delta	75.07	76.32	NIL
East TX-OK	72.00	73.25	4789
West Texas	72.00	73.50	9256
Desert SW	71.32	75.82	NIL
SJ Valley	72.32	82.22	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 10-February-2017

Contract	Open	High	Low	Close	Change
Mar-17	75.59	76.23	75.55	75.82	0.24
May-17	77.11	77.41	76.73	77.09	0.44
Jul-17	77.75	78.13	77.48	77.94	0.53
Oct-17	74.21	74.21	74.21	74.21	Unch
Dec-17	73.98	74.19	73.80	74.10	-0.06
Mar-18	74.50	74.63	74.36	74.48	-0.22

Pakistan Cotton Spot rates: As on 11-February-2017
(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6700	135	6835
Equivalent	40 Kgs	7180	145	7325

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