

Domestic Fundamentals:

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

In The News: : The Cotton Association of India (CAI), has maintained the crop estimate for 2016-17 at 341 lakh bales of 170 kg. each in its latest estimates for January. Consumption is expected to increase marginally to 295 lakh bales compared to previous estimate of 290 lakh bales amid good demand from the textiles sector. Total arrivals of cotton in the country as on January 31, 2017 is reported at to be 157.75 lakh bales. The projected balance sheet drawn by the CAI estimated total supply for cotton season 2016-17 at 405 lakh bales. Considering the domestic consumption of 295 lakh bales as stated above, the total available surplus for the season is estimated at 110 lakh bales. The imports are estimated to decline by 3 lakh bales to 19 lakh bales from 22 lakh bales previous year.

India's cotton imports have increased by 20% from the beginning of the season since October 2016 amid lower supply in the domestic market due to demonetization. According to sources at Indian Cotton Federation, traders and mills had contracted imports of 7 lakh bales in the first five months of the cotton year since October 2016. At the harvest of the new crop cotton prices were around Rs.38,000 per candy and currently prices are at around Rs.43,000 per candy.

The government is likely to reduce the royalty for Bt cotton seeds gradually to zero in the coming years. According to official sources at agriculture ministry, there is another 10% reduction in royalty value, which was reduced to 70% a year ago. The royalty value has been just 6% of the pan-India ceiling price of Rs.800 (about \$12) per packet for the seed. About 83% of the country's cotton area of 10.2 million hectares (in the 2016-17 season) was under Bt variety. The country's cotton production has increased since the introduction of Bt seeds — from 13.6 million bales in 2002-03 to a projected 32.12 million bales in 2016-17.

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.

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:

According to USDA, cotton weekly export sales for the current marketing year for the period ending February 16th totaled 367,200 running bales. Sales increased by 65 percent compared to previous week and by 21 percent compared to four week average.

Egypt's cotton exports increased by 63.9 per cent during the first quarter of the planting season of 2016/17 according to data released by the Central Agency for Public Mobilisation and Statistics (CAPMAS). Egypt's cotton exports during the period September –November 2016 was reported at 202,500 bales compared to 123,600 bales in the same period previous year.

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	+1.50	1066	1073	1062	1070	3381	-311	13164	343
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	110	-	-
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 28 –Feb 2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-17	-20	21060	21160	21030	21060	1889	267	9274	161
Apr-17	-30	21170	21270	21140	21170	420	323	3105	131

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Mar-17		-110		-	-	-
Apr-17			-	-	-	-
	—			-	-	-

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

* Updated at 5:04 pm as on 28 –Feb 2017

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	28-Feb-17	27-Feb-17	
Gujarat	Ahmedabad	Shankar-6	5900	6000	-100
	Gondal	Shankar-6	5935	5885	50
	Rajkot	B.T. Cotton	5900	5900	Unch
	Patan	B.T. Cotton	NA	5915	-
	Kadi	B.T. Cotton	5900	6000	-100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	6010	6010	Unch
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	6280	6350	-70
	Bhiwani	Desi	5500	5500	Unch
	Adampur	B.T. Cotton	6000	6060	-60
	Fatehabad	B.T. Cotton	6040	6070	-30
	Jind	B.T. Cotton	6184	6185	-1
	Uchana	B.T. Cotton	6300	6159	141
	Dabwali	B.T. Cotton	5950	5965	-15
Rajasthan	Hanumangarh	B.T. Cotton	6050	6100	-50
	Rawatsar	B.T. Cotton	5980	5980	Unch
Madhya Pradesh	Khandwa	Mech-1	NR	5800	-
	Khargaon	Mech-1	5900	5865	35
Maharashtra	Amravati	Mech-1	5450	5500	-50
	Jamner	Medium Staple	5400	5398	2
Uttar Pradesh	Hathras	B.T. Cotton	4975	4950	25
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5450	5460	-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	6067	6059	8
	Hubli	D.C.H.	6111	6029	82
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	6075	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	28-Feb-17	27-Feb-17	
Punjab	Bhatinda	J-34	4700	4740	-40
	Abohar	J-34	4700	4740	-40

	Mansa	J-34	4685	4750	-65
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4630	4670	-40
Rajasthan	Sri-Ganganagar	J-34	4935	4959	-24

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	28-Feb-17	27-Feb-17	
Gujarat	Ahmedabad	Shankar-6	68000	76500	-8500
	Gondal	Shankar-6	3360	3441	-81
	Rajkot	B.T. Cotton	4600	5400	-800
	Patan	B.T. Cotton	NA	4455	-
	Kadi	B.T. Cotton	40000	40000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	533	715	-182
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	340	425	-85
	Fatehabad	B.T. Cotton	400	350	50
	Jind	B.T. Cotton	85	51	34
	Uchana	B.T. Cotton	800	1730	-930
	Dabwali	B.T. Cotton	175	240	-65
Rajasthan	Hanumangarh	B.T. Cotton	700	700	Unch
	Rawatsar	B.T. Cotton	400	400	Unch
Madhya Pradesh	Khandwa	Mech-1	NR	3000	-
	Khargaon	Mech-1	3740	3180	560
Maharashtra	Amravati	Mech-1	13000	16000	-3000
	Jamner	Medium Staple	312	300	12
Uttar Pradesh	Hathras	B.T. Cotton	70	100	-30
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	10261	3850	6411
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	1826	1940	-114
	Hubli	D.C.H.	88	76	12
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	NA	1335	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	28-Feb-17	27-Feb-17	
Punjab	Bhatinda	J-34	3400	3400	Unch
	Abohar	J-34	850	680	170
	Mansa	J-34	595	850	-255
Haryana	Sirsa	J-34	850	850	Unch
Rajasthan	Sri-Ganganagar	J-34	640	1141	-501

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				27-Feb-17	25-Feb-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	34800	34500	300
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	35800	35500	300
J-34(202)	26mm	3.5 - 4.9	23	43800	44000	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42100	42200	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	42900	43000	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43800	43800	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44400	44400	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	56500	56500	Unch

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

Centre	Unit	Price		Change
		28-Feb-17	27-Feb-17	
Rajkot	Rs. /10 Kg.	675	675	Unch
New Delhi	Rs. /10 Kg.	650	660	-10
Hyderabad	Rs. /10 Kg.	630	630	Unch
Mumbai	Rs. /10 Kg.	660	660	Unch

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

Centre	Unit	Price		Change
		28-Feb-17	27-Feb-17	
Mahesana (Kadi)	Rs./Qtl	2299	2313	-14
Akola	Rs./Qtl	2271	2278	-7

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 28-February-2017</u>		
Index	RMB/Ton	Change
CCIndex(328)	15963	Unch
CCIndex(527)	15013	-3
CCIndex(229)	16383	1
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 28-February-2017</u>		
Index	Cents/lb	Change
FC Index (S)	87.82	-0.57
FC Index (M)	85.06	-0.48
FC Index (L)	83.18	-0.49

<u>Cotlook Index: As on 27-February-2017</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	85.15	0.55

<u>USDA Cotton Spot Rates: As on 27-February-2017</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	74.87	76.12	NIL
North Delta	73.62	74.87	538
South Delta	73.62	74.87	NIL
East TX-OK	72.25	73.50	1809
West Texas	72.25	73.75	4305
Desert SW	70.62	74.62	NIL
SJ Valley	71.62	80.52	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 27-February-2017

Contract	Open	High	Low	Close	Change
Mar-17	74.97	74.97	74.97	74.97	-0.45
May-17	76.58	77.14	76.03	76.12	-0.45
Jul-17	77.58	78.04	77.11	77.27	-0.23
Oct-17	74.16	74.16	74.16	74.16	-0.08
Dec-17	74.00	74.17	73.86	74.15	0.17
Mar-18	74.32	74.42	74.20	74.41	0.12

Pakistan Cotton Spot rates: As on 27-February-2017
(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6650	135	6785
Equivalent	40 Kgs	7127	145	7272

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