

Domestic Fundamentals:

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

In The News: : The seed industry in the country has asked for higher price of Bt Cotton in the coming kharif season amid increasing cost of production. The industry has asked for a hike of Rs.50 per pack of Bt Cotton seeds. Currently it is being sold at a price of Rs.751 per pack of 450 gm. The demand has been put forward by industry body, National Seed Association of India (NSAI) ahead of the Centre's annual review meeting due to held on March 06, 2017.

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 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 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.

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	-9.00	1070	1072.5	1061	1064.50	4338	957	12958	-206
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	105.50	-	-
May-17	-	-	-

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

*Updated at 5:25 pm as on 01 –Mar 2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-17	-160	21010	21030	20860	20900	1545	344	9104	-170
Apr-17	-150	21120	21120	21000	21030	581	-161	3299	194

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Mar-17		-130		-	-	-
Apr-17			-	-	-	-
	—			-	-	-

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

* Updated at 5:25 pm as on 01 –Mar 2017

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	1-Mar-17	28-Feb-17	
Gujarat	Ahmedabad	Shankar-6	5850	5900	-50
	Gondal	Shankar-6	5905	5935	-30
	Rajkot	B.T. Cotton	5850	5900	-50
	Patan	B.T. Cotton	NA	5890	-
	Kadi	B.T. Cotton	5900	5900	Unch
	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	6250	6280	-30
	Bhiwani	Desi	5500	5500	Unch
	Adampur	B.T. Cotton	6030	6000	30
	Fatehabad	B.T. Cotton	6045	6040	5
	Jind	B.T. Cotton	6370	6184	186
	Uchana	B.T. Cotton	6040	6300	-260
	Dabwali	B.T. Cotton	5900	5950	-50
Rajasthan	Hanumangarh	B.T. Cotton	6000	6050	-50
	Rawatsar	B.T. Cotton	6035	5980	55
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	5900	5900	Unch
Maharashtra	Amravati	Mech-1	5400	5450	-50
	Jamner	Medium Staple	5402	5400	2
Uttar Pradesh	Hathras	B.T. Cotton	4900	4975	-75
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	5450	-
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	6099	6067	32
	Hubli	D.C.H.	NA	6111	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6000	6075	-75
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	1-Mar-17	28-Feb-17	
Punjab	Bhatinda	J-34	4715	4700	15
	Abohar	J-34	4715	4700	15

	Mansa	J-34	4705	4685	20
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4640	4630	10
Rajasthan	Sri-Ganganagar	J-34	4910	4935	-25

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	1-Mar-17	28-Feb-17	
Gujarat	Ahmedabad	Shankar-6	76500	68000	8500
	Gondal	Shankar-6	2280	3360	-1080
	Rajkot	B.T. Cotton	4600	4600	Unch
	Patan	B.T. Cotton	NA	3780	-
	Kadi	B.T. Cotton	45000	40000	5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	590	533	57
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	2000	2000	Unch
	Bhiwani	Desi	100	150	-50
	Adampur	B.T. Cotton	510	340	170
	Fatehabad	B.T. Cotton	300	400	-100
	Jind	B.T. Cotton	85	85	Unch
	Uchana	B.T. Cotton	580	800	-220
	Dabwali	B.T. Cotton	75	175	-100
Rajasthan	Hanumangarh	B.T. Cotton	300	700	-400
	Rawatsar	B.T. Cotton	200	400	-200
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	2800	3740	-940
Maharashtra	Amravati	Mech-1	15000	13000	2000
	Jamner	Medium Staple	310	312	-2
Uttar Pradesh	Hathras	B.T. Cotton	100	70	30
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	10261	-
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	2332	1826	506
	Hubli	D.C.H.	NA	88	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	1732	1335	397
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	1-Mar-17	28-Feb-17	
Punjab	Bhatinda	J-34	3400	3400	Unch
	Abohar	J-34	680	850	-170
	Mansa	J-34	425	595	-170
Haryana	Sirsa	J-34	680	850	-170
Rajasthan	Sri-Ganganagar	J-34	578	640	-62

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				28-Feb-17	27-Feb-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	34800	34800	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	35800	35800	Unch
J-34(202)	26mm	3.5 - 4.9	23	43800	43800	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42100	42100	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	42900	42900	Unch
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
		1-Mar-17	28-Feb-17	
Rajkot	Rs. /10 Kg.	672	675	-3
New Delhi	Rs. /10 Kg.	650	650	Unch
Hyderabad	Rs. /10 Kg.	630	630	Unch
Mumbai	Rs. /10 Kg.	670	660	10

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

Centre	Unit	Price		Change
		1-Mar-17	28-Feb-17	
Mahesana (Kadi)	Rs./Qtl	2281	2299	-18
Akola	Rs./Qtl	2270	2271	-1

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 01-March-2017</u>		
Index	RMB/Ton	Change
CCIndex(328)	15963	Unch
CCIndex(527)	15005	-8
CCIndex(229)	16378	-5
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 28-February-2017</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	85.00	-0.15

<u>USDA Cotton Spot Rates: As on 28-February-2017</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	75.09	76.34	NIL
North Delta	73.84	75.09	NIL
South Delta	73.84	75.09	NIL
East TX-OK	72.25	73.50	588
West Texas	72.25	73.75	1485
Desert SW	70.84	74.84	NIL
SJ Valley	71.84	80.74	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 28-February-2017

Contract	Open	High	Low	Close	Change
Mar-17	75.79	75.79	75.00	75.33	0.36
May-17	76.28	76.89	76.10	76.34	0.22
Jul-17	77.21	77.94	77.17	77.48	0.21
Oct-17	74.40	74.40	74.40	74.40	0.24
Dec-17	74.06	74.40	74.04	74.38	0.23
Mar-18	74.45	74.64	74.42	74.59	0.18

Pakistan Cotton Spot rates: As on 28-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

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.