

## Domestic Fundamentals:

**Market Outlook:** Cotton spot markets noticed range –bound to firm tone on Thursday.

**In The News:** : Cotton prices are likely to remain firm in the coming weeks amid higher estimates of consumption and tight supply in the domestic market. According to sources, farmers are holding around 40 per cent of the total crop of 341 lakh bales (of 170 kg each). Raw cotton (Kapas) prices are trading around Rs.5900 -6100 per quintal during the last few weeks. Prices are likely to remain firm in the coming days amid expected good demand from yarn makers, millers and holding of crop by farmers. Good export demand is likely to support prices. Till date around 210 lakh bales of cotton have arrived in the domestic markets.

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.

### 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	1068	1087	1064	1079	7868	4487	12917	-247
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	81	-	-
May-17	-	-	-

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

\*Updated at 6:03 pm as on 02 –Mar 2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-17	+130	21000	21130	20980	21020	1545	0	9104	0
Apr-17	+120	21250	21260	21120	21150	1079	-498	3502	203

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

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

\* Updated at 6:03 pm as on 02 –Mar 2017

**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	2-Mar-17	1-Mar-17	
Gujarat	Ahmedabad	Shankar-6	5900	5850	50
	Gondal	Shankar-6	5875	5905	-30
	Rajkot	B.T. Cotton	5800	5850	-50
	Patan	B.T. Cotton	5880	5900	-20
	Kadi	B.T. Cotton	5800	5900	-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	6250	30
	Bhiwani	Desi	5500	5500	Unch
	Adampur	B.T. Cotton	6100	6030	70
	Fatehabad	B.T. Cotton	6080	6045	35
	Jind	B.T. Cotton	6370	6370	Unch
	Uchana	B.T. Cotton	6060	6040	20
	Dabwali	B.T. Cotton	6000	5900	100
Rajasthan	Hanumangarh	B.T. Cotton	6150	6000	150
	Rawatsar	B.T. Cotton	6070	6035	35
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	5900	5900	Unch
Maharashtra	Amravati	Mech-1	5400	5400	Unch
	Jamner	Medium Staple	5421	5402	19
Uttar Pradesh	Hathras	B.T. Cotton	NA	4900	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5450	5450	Unch
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	6129	6099	30
	Hubli	D.C.H.	6210	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6025	6000	25
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	2-Mar-17	1-Mar-17	
Punjab	Bhatinda	J-34	4735	4715	20
	Abohar	J-34	4735	4715	20

	Mansa	J-34	4725	4705	20
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4660	4640	20
Rajasthan	Sri-Ganganagar	J-34	4927	4910	17

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	2-Mar-17	1-Mar-17	
Gujarat	Ahmedabad	Shankar-6	76500	76500	Unch
	Gondal	Shankar-6	2744	2280	464
	Rajkot	B.T. Cotton	4600	4600	Unch
	Patan	B.T. Cotton	3668	3360	308
	Kadi	B.T. Cotton	45000	45000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	568	590	-22
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1500	2000	-500
	Bhiwani	Desi	50	100	-50
	Adampur	B.T. Cotton	510	510	Unch
	Fatehabad	B.T. Cotton	600	300	300
	Jind	B.T. Cotton	17	85	-68
	Uchana	B.T. Cotton	300	580	-280
	Dabwali	B.T. Cotton	150	75	75
Rajasthan	Hanumangarh	B.T. Cotton	700	300	400
	Rawatsar	B.T. Cotton	200	200	Unch
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	2710	2800	-90
Maharashtra	Amravati	Mech-1	12000	15000	-3000
	Jamner	Medium Staple	305	310	-5
Uttar Pradesh	Hathras	B.T. Cotton	NA	100	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	11129	10338	791
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	3525	2332	1193
	Hubli	D.C.H.	36	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	1830	1732	98
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	2-Mar-17	1-Mar-17	
Punjab	Bhatinda	J-34	2550	3400	-850
	Abohar	J-34	595	680	-85
	Mansa	J-34	425	425	Unch
Haryana	Sirsa	J-34	850	680	170
Rajasthan	Sri-Ganganagar	J-34	717	578	139

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				1-Mar-17	28-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	43900	43800	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41900	42100	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	42700	42900	-200
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
		2-Mar-17	1-Mar-17	
Rajkot	Rs. /10 Kg.	680	672	8
New Delhi	Rs. /10 Kg.	655	650	5
Hyderabad	Rs. /10 Kg.	635	630	5
Mumbai	Rs. /10 Kg.	665	670	-5

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

Centre	Unit	Price		Change
		2-Mar-17	1-Mar-17	
Mahesana (Kadi)	Rs./Qtl	2271	2281	-10
Akola	Rs./Qtl	2261	2270	-9

**INTERNATIONAL PRICES AND INDICES**

<b>China Cotton Index: As on 02-March-2017</b>		
<b>Index</b>	<b>RMB/Ton</b>	<b>Change</b>
CCIndex(328)	15955	<b>-8</b>
CCIndex(527)	14970	<b>-35</b>
CCIndex(229)	16373	<b>-5</b>
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<b>China Foreign Cotton (FCE) Index : As on 02-March -2017</b>		
<b>Index</b>	<b>Cents/lb</b>	<b>Change</b>
FC Index (S)	89.19	<b>1.18</b>
FC Index (M)	86.34	<b>1.02</b>
FC Index (L)	85.12	<b>1.40</b>

<b>Cotlook Index: As on 01-March-2017</b>		
<b>Cotlook Indices</b>	<b>Cents/Pound</b>	<b>Change</b>
A-Index	85.25	<b>0.25</b>

<b>USDA Cotton Spot Rates: As on 01-March-2017</b>			
<b>Growth Area</b>	<b>Leaf 4 to Staple 34</b>	<b>Leaf 3 to Staple 35</b>	<b>Arrivals</b>
	<b>cents/lb.</b>		<b>bales</b>
<b>Southeast</b>	76.61	77.86	<b>680</b>
<b>North Delta</b>	75.36	76.61	<b>1860</b>
<b>South Delta</b>	75.36	76.61	<b>NIL</b>
<b>East TX-OK</b>	72.75	74.00	<b>3822</b>
<b>West Texas</b>	72.75	74.25	<b>10176</b>
<b>Desert SW</b>	72.36	76.36	<b>NIL</b>
<b>SJ Valley</b>	73.36	82.26	<b>NIL</b>

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 01-March-2017**

Contract	Open	High	Low	Close	Change
<b>Mar-17</b>	75.34	76.85	75.34	76.85	<b>1.52</b>
<b>May-17</b>	76.57	77.98	76.17	77.86	<b>1.52</b>
<b>Jul-17</b>	77.64	78.87	77.30	78.73	<b>1.25</b>
<b>Oct-17</b>	74.94	74.94	74.94	74.94	<b>0.54</b>
<b>Dec-17</b>	74.21	74.92	74.20	74.90	<b>0.52</b>
<b>Mar-18</b>	74.55	75.01	74.42	75.01	<b>0.42</b>

**Pakistan Cotton Spot rates: As on 01-March-2017**
**(in Pakistan Rupees)**

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

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