

Domestic Fundamentals:

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

In The News: According to the International Cotton Advisory Committee (ICAC), India's cotton exports are expected to increase by 3 per cent to 900,000 metric tonnes in the current season and production is expected to increase by 2 per cent to 5.9 million metric tonnes. World cotton trade is estimated to increase by 3 per cent to 8 million tonnes in 2017-18 as China's import volume is expected to increase by 11 per cent to 1.1 million tonnes during the year. China's imports will increase amid good demand from mills.

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.

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	-9.50	1086	1089	1080	1084	4858	-3010	13134	217
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	86	-	-
May-17	-	-	-

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

*Updated at 6:09 pm as on 03 –Mar 2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-17	-170	21100	21170	21020	21100	2022	-477	8923	-181
Apr-17	-160	21200	21280	21140	21240	853	226	3659	157

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Mar-17		-140		-	-	-
Apr-17			-	-	-	-
	—			-	-	-

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

* Updated at 6:09 pm as on 03 –Mar 2017

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	3-Mar-17	2-Mar-17	
Gujarat	Ahmedabad	Shankar-6	5900	5900	Unch
	Gondal	Shankar-6	5855	5875	-20
	Rajkot	B.T. Cotton	5850	5800	50
	Patan	B.T. Cotton	NA	5880	-
	Kadi	B.T. Cotton	5800	5800	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	6350	6280	70
	Bhiwani	Desi	5800	5500	300
	Adampur	B.T. Cotton	6100	6100	Unch
	Fatehabad	B.T. Cotton	6060	6080	-20
	Jind	B.T. Cotton	6340	6370	-30
	Uchana	B.T. Cotton	6045	6060	-15
	Dabwali	B.T. Cotton	NR	6000	-
Rajasthan	Hanumangarh	B.T. Cotton	6150	6150	Unch
	Rawatsar	B.T. Cotton	6080	6070	10
Madhya Pradesh	Khandwa	Mech-1	5741	NR	-
	Khargaon	Mech-1	5875	5900	-25
Maharashtra	Amravati	Mech-1	5400	5400	Unch
	Jamner	Medium Staple	5429	5421	8
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5400	5450	-50
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	6139	6129	10
	Hubli	D.C.H.	NA	6210	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5950	6025	-75
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	3-Mar-17	2-Mar-17	
Punjab	Bhatinda	J-34	4740	4735	5
	Abohar	J-34	4740	4735	5

	Mansa	J-34	4730	4725	5
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4680	4660	20
Rajasthan	Sri-Ganganagar	J-34	4979	4927	52

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	3-Mar-17	2-Mar-17	
Gujarat	Ahmedabad	Shankar-6	71400	76500	-5100
	Gondal	Shankar-6	2400	2744	-344
	Rajkot	B.T. Cotton	4800	4600	200
	Patan	B.T. Cotton	NA	3668	-
	Kadi	B.T. Cotton	40000	45000	-5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	666	568	98
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1500	1500	Unch
	Bhiwani	Desi	50	50	Unch
	Adampur	B.T. Cotton	510	510	Unch
	Fatehabad	B.T. Cotton	400	600	-200
	Jind	B.T. Cotton	100	17	83
	Uchana	B.T. Cotton	250	300	-50
	Dabwali	B.T. Cotton	NR	150	-
Rajasthan	Hanumangarh	B.T. Cotton	1500	700	800
	Rawatsar	B.T. Cotton	300	200	100
Madhya Pradesh	Khandwa	Mech-1	1180	NR	-
	Khargaon	Mech-1	3290	2710	580
Maharashtra	Amravati	Mech-1	15000	12000	3000
	Jamner	Medium Staple	311	305	6
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	12345	11129	1216
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	2177	3525	-1348
	Hubli	D.C.H.	NA	36	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	1852	1830	22
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	3-Mar-17	2-Mar-17	
Punjab	Bhatinda	J-34	2550	2550	Unch
	Abohar	J-34	510	595	-85
	Mansa	J-34	510	425	85
Haryana	Sirsa	J-34	850	850	Unch
Rajasthan	Sri-Ganganagar	J-34	881	717	164

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				2-Mar-17	1-Mar-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	35100	34800	300
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36100	35800	300
J-34(202)	26mm	3.5 - 4.9	23	44300	43900	400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42000	41900	100
Shankar-6(105)	29mm	3.5 - 4.9	28	42800	42700	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44000	43800	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44600	44400	200
DCH-32(107)	34mm	3.0 - 3.8	33	56700	56500	200

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

Centre	Unit	Price		Change
		3-Mar-17	2-Mar-17	
Rajkot	Rs. /10 Kg.	670	680	-10
New Delhi	Rs. /10 Kg.	660	655	5
Hyderabad	Rs. /10 Kg.	635	635	Unch
Mumbai	Rs. /10 Kg.	665	665	Unch

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

Centre	Unit	Price		Change
		3-Mar-17	2-Mar-17	
Mahesana (Kadi)	Rs./Qtl	2265	2271	-6
Akola	Rs./Qtl	2265	2261	4

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 03-March-2017</u>		
Index	RMB/Ton	Change
CCIndex(328)	15955	Unch
CCIndex(527)	14970	Unch
CCIndex(229)	16371	-2
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 03-March -2017</u>		
Index	Cents/lb	Change
FC Index (S)	88.20	-0.99
FC Index (M)	85.42	-0.92
FC Index (L)	83.81	-1.31

<u>Cotlook Index: As on 02-March-2017</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	86.75	1.50

<u>USDA Cotton Spot Rates: As on 02-March-2017</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	75.53	76.78	NIL
North Delta	74.28	75.53	NIL
South Delta	74.28	75.53	NIL
East TX-OK	73.50	74.75	4850
West Texas	73.50	75.00	9424
Desert SW	71.28	75.28	NIL
SJ Valley	72.28	81.18	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 02-March-2017

Contract	Open	High	Low	Close	Change
Mar-17	76.84	78.00	75.69	75.69	-1.16
May-17	77.70	79.18	76.32	76.78	-1.08
Jul-17	78.64	79.97	77.32	77.86	-0.87
Oct-17	74.79	74.79	74.72	74.72	-0.22
Dec-17	74.82	75.19	74.00	74.75	-0.15
Mar-18	75.15	75.19	74.17	74.87	-0.14

Pakistan Cotton Spot rates: As on 02-March-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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