

Domestic Fundamentals:

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

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	4-Mar-17	3-Mar-17	
Gujarat	Ahmedabad	Shankar-6	5900	5900	Unch
	Gondal	Shankar-6	5880	5855	25
	Rajkot	B.T. Cotton	5900	5850	50
	Patan	B.T. Cotton	NA	5925	-
	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	6350	Unch
	Bhiwani	Desi	5800	5800	Unch
	Adampur	B.T. Cotton	6100	6100	Unch
	Fatehabad	B.T. Cotton	6075	6060	15
	Jind	B.T. Cotton	6165	6340	-175
	Uchana	B.T. Cotton	6060	6045	15
	Dabwali	B.T. Cotton	6000	NR	-
Rajasthan	Hanumangarh	B.T. Cotton	6130	6150	-20
	Rawatsar	B.T. Cotton	6090	6080	10
Madhya Pradesh	Khandwa	Mech-1	Closed	5805	-
	Khargaon	Mech-1	5875	5875	Unch
Maharashtra	Amravati	Mech-1	5425	5400	25
	Jamner	Medium Staple	5432	5429	3
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5380	5400	-20
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	6139	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5950	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	4-Mar-17	3-Mar-17	

Punjab	Bhatinda	J-34	4750	4740	10
	Abohar	J-34	4750	4740	10
	Mansa	J-34	4700	4730	-30
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4680	4680	Unch
Rajasthan	Sri-Ganganagar	J-34	4905	4979	-73

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	4-Mar-17	3-Mar-17	
Gujarat	Ahmedabad	Shankar-6	76500	71400	5100
	Gondal	Shankar-6	2617	2400	217
	Rajkot	B.T. Cotton	4800	4800	Unch
	Patan	B.T. Cotton	NA	3675	-
	Kadi	B.T. Cotton	45000	40000	5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	482	666	-184
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	2500	1500	1000
	Bhiwani	Desi	100	50	50
	Adampur	B.T. Cotton	510	510	Unch
	Fatehabad	B.T. Cotton	750	400	350
	Jind	B.T. Cotton	10	100	-90
	Uchana	B.T. Cotton	550	250	300
	Dabwali	B.T. Cotton	225	NR	-
Rajasthan	Hanumangarh	B.T. Cotton	1200	1500	-300
	Rawatsar	B.T. Cotton	500	300	200
Madhya Pradesh	Khandwa	Mech-1	Closed	1352	-
	Khargaon	Mech-1	3330	3290	40
Maharashtra	Amravati	Mech-1	16000	15000	1000
	Jamner	Medium Staple	307	311	-4
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	13448	12345	1103
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	2177	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	1852	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	4-Mar-17	3-Mar-17	
Punjab	Bhatinda	J-34	2890	2550	340
	Abohar	J-34	680	510	170
	Mansa	J-34	595	510	85
Haryana	Sirsa	J-34	1020	850	170
Rajasthan	Sri-Ganganagar	J-34	1206	881	325

Cotton Association of India Spot Rates:

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

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

Centre	Unit	Price		Change
		4-Mar-17	3-Mar-17	
Rajkot	Rs. /10 Kg.	660	670	-10
New Delhi	Rs. /10 Kg.	660	660	Unch
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
		4-Mar-17	3-Mar-17	
Mahesana (Kadi)	Rs./Qtl	2265	2265	Unch
Akola	Rs./Qtl	2265	2265	Unch

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 03-March-2017

Index	RMB/Ton	Change
CCIndex(328)	15955	Unch
CCIndex(527)	14970	Unch
CCIndex(229)	16371	-2

RMB -Renminbi, 1RMB =0.16 \$U.S.

China Foreign Cotton (FCE) Index : As on 03-March-2017

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

Cotlook Index: As on 03-March-2017

Cotlook Indices	Cents/Pound	Change
A-Index	85.75	-1.00

USDA Cotton Spot Rates: As on 03-March-2017

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	76.74	77.99	NIL
North Delta	75.49	76.74	NIL
South Delta	75.49	76.74	NIL
East TX-OK	73.50	74.75	811
West Texas	73.50	75.00	231
Desert SW	72.49	76.49	NIL
SJ Valley	73.49	82.39	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.): Ason03-March-2017

Contract	Open	High	Low	Close	Change
Mar-17	77.00	77.28	75.99	77.28	1.59
May-17	76.78	78.14	76.66	77.99	1.21
Jul-17	77.88	78.98	77.69	78.83	0.97
Oct-17	75.06	75.06	75.06	75.06	0.34
Dec-17	74.56	75.00	74.55	74.94	0.19
Mar-18	75.00	75.05	74.80	74.98	0.11

Pakistan Cotton Spot rates: As on03-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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