

## Domestic Fundamentals:

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

**In The News:** The agriculture ministry is likely to retain the current maximum sale price (MSP) for genetically modified Bt Cotton seeds at Rs. 800 per 450 gm packet for the next kharif season. Last year, the MSP was reduced from Rs. 830-1000 to Rs.800 per 450 gm packet. The royalty fees was reduced by 74% from Rs.163 to Rs.49 per packet.

Around 60 per cent of the total crop sown over 4.5 lakh hectares of land in Punjab was affected by whitefly pest attack in 2015. The agricultural department of Punjab will remove whitefly-infested weeds across the cotton belt in order to increase the production of cotton in the state. The department will schedule technical training sessions and awareness camps in time for purchasing and sowing cotton seeds. The department expects over 4 lakh hectares of area to come under cotton cultivation this year, which is 56.25 per cent more as compared to 2016. Around 2.56 lakh hectares of area was under cotton cultivation in the last season and this was recorded as the lowest acreage for the crop since 1955.

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.

### International Fundamentals:

Chinese government is expected to start sales from its cotton reserves on March 06, 2017. Around 2.6 million tonnes were sold by the end of September previous year. The government will continue offering 30,000 tonnes a day until August 2017. Assuming around 2.6 million tonnes will be sold this year, the total volume held by the Chinese government will reach six million tonnes by the end of 2016 -17. China's total stocks, including those in the private sector, are forecast to reach nine million tonnes at the end of 2016 -17, accounting for 53 per cent of world stocks.

Good demand for quality lint, increasing prices in the global markets and lack of availability of quality cotton led to increase in cotton prices in Pakistan during the previous week. The Karachi Cotton Association increased its spot rates by Rs. 50 to Rs 6,700 per maund (37.3242 kg) and Rs 7,180 for 40 kg. The Ex-Karachi rates also increased to Rs 6,835 per maund and Rs 7,325 for 40 kg. There is good buying from the millers amid limited stocks with ginners.

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	+5.50	1094	1103.5	1088	1101.50	5295	-543	13209	169
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	58.50	-	-
May-17	-	-	-

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

\*Updated at 6:09 pm as on 08 –Mar 2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-17	-100	21490	21370	21520	21360	21490	-13863	2423	-5426
Apr-17	50	21470	21650	21460	21620	1741	-57	4885	253

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Mar-17		-260		-	-	-
Apr-17			-	-	-	-
	—			-	-	-

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

\* Updated at 6:09 pm as on 07 –Mar 2017

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

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	8-Mar-17	7-Mar-17	
Gujarat	Ahmedabad	Shankar-6	5950	5900	50
	Gondal	Shankar-6	5880	5880	Unch
	Rajkot	B.T. Cotton	5800	6000	-200
	Patan	B.T. Cotton	5900	5940	-40
	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	6400	6500	-100
	Bhiwani	Desi	5800	6000	-200
	Adampur	B.T. Cotton	6135	6190	-55
	Fatehabad	B.T. Cotton	6220	6270	-50
	Jind	B.T. Cotton	NA	6373	-
	Uchana	B.T. Cotton	6270	6231	39
	Dabwali	B.T. Cotton	6035	6035	Unch
Rajasthan	Hanumangarh	B.T. Cotton	6150	6200	-50
	Rawatsar	B.T. Cotton	6060	6200	-140
Madhya Pradesh	Khandwa	Mech-1	5800	5900	-100
	Khargaon	Mech-1	5950	6000	-50
Maharashtra	Amravati	Mech-1	5475	5550	-75
	Jamner	Medium Staple	5456	5456	Unch
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5370	5400	-30
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	6119	6189	-70
	Hubli	D.C.H.	NA	6050	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6000	6000	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	8-Mar-17	7-Mar-17	
Punjab	Bhatinda	J-34	4850	4865	-15
	Abohar	J-34	4850	4860	-10

	Mansa	J-34	4835	4850	-15
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4780	4870	-90
Rajasthan	Sri-Ganganagar	J-34	5021	4936	85

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	8-Mar-17	7-Mar-17	
Gujarat	Ahmedabad	Shankar-6	71400	71400	Unch
	Gondal	Shankar-6	2982	2982	Unch
	Rajkot	B.T. Cotton	5000	5450	-450
	Patan	B.T. Cotton	3198	4150	-952
	Kadi	B.T. Cotton	45000	40000	5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	464	506	-42
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1000	1000	Unch
	Bhiwani	Desi	50	100	-50
	Adampur	B.T. Cotton	510	510	Unch
	Fatehabad	B.T. Cotton	200	350	-150
	Jind	B.T. Cotton	NA	80	-
	Uchana	B.T. Cotton	480	350	130
	Dabwali	B.T. Cotton	150	150	Unch
Rajasthan	Hanumangarh	B.T. Cotton	600	1000	-400
	Rawatsar	B.T. Cotton	600	700	-100
Madhya Pradesh	Khandwa	Mech-1	2000	1800	200
	Khargaon	Mech-1	2940	3260	-320
Maharashtra	Amravati	Mech-1	4000	10000	-6000
	Jamner	Medium Staple	317	312	5
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	8492	12456	-3964
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	2147	2293	-146
	Hubli	D.C.H.	NA	12	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	1807	2100	<b>-293</b>
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	8-Mar-17	7-Mar-17	
Punjab	Bhatinda	J-34	2550	2550	Unch
	Abohar	J-34	510	510	Unch
	Mansa	J-34	340	510	<b>-170</b>
Haryana	Sirsa	J-34	850	680	<b>170</b>
Rajasthan	Sri-Ganganagar	J-34	401	615	<b>-214</b>

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				7-Mar-17	6-Mar-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	35600	35300	<b>300</b>
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36600	36300	<b>300</b>
J-34(202)	26mm	3.5 - 4.9	23	45500	44900	<b>600</b>
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42900	42500	<b>400</b>
Shankar-6(105)	29mm	3.5 - 4.9	28	43700	43300	<b>400</b>
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44900	44500	<b>400</b>
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45500	45100	<b>400</b>
DCH-32(107)	34mm	3.0 - 3.8	33	57000	57000	Unch

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

Centre	Unit	Price		Change
		8-Mar-17	7-Mar-17	
Rajkot	Rs. /10 Kg.	665	665	Unch
New Delhi	Rs. /10 Kg.	645	645	Unch
Hyderabad	Rs. /10 Kg.	640	640	Unch
Mumbai	Rs. /10 Kg.	662	662	Unch

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

Centre	Unit	Price		Change
		8-Mar-17	7-Mar-17	
Mahesana (Kadi)	Rs./Qtl	2229	2248	<b>-19</b>
Akola	Rs./Qtl	2232	2250	<b>-18</b>

**INTERNATIONAL PRICES AND INDICES**

<u><b>China Cotton Index: As on 08-March-2017</b></u>		
<b>Index</b>	<b>RMB/Ton</b>	<b>Change</b>
CCIndex(328)	15975	<b>10</b>
CCIndex(527)	15007	<b>19</b>
CCIndex(229)	16383	<b>8</b>
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u><b>China Foreign Cotton (FCE) Index : As on 08-March -2017</b></u>		
<b>Index</b>	<b>Cents/lb</b>	<b>Change</b>
FC Index (S)	89.49	<b>-0.95</b>
FC Index (M)	86.65	<b>-0.96</b>
FC Index (L)	85.26	<b>-1.01</b>

<u><b>Cotlook Index: As on 07-March-2017</b></u>		
<b>Cotlook Indices</b>	<b>Cents/Pound</b>	<b>Change</b>
A-Index	88.10	<b>1.00</b>

<u><b>USDA Cotton Spot Rates: As on 07-March-2017</b></u>			
<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>	76.78	78.03	<b>NIL</b>
<b>North Delta</b>	75.53	76.78	<b>NIL</b>
<b>South Delta</b>	75.53	76.78	<b>NIL</b>
<b>East TX-OK</b>	74.75	76.00	<b>2044</b>
<b>West Texas</b>	74.75	76.25	<b>8031</b>
<b>Desert SW</b>	72.53	76.53	<b>45</b>
<b>SJ Valley</b>	73.53	82.43	<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 07-March-2017**

Contract	Open	High	Low	Close	Change
<b>Mar-17</b>	78.44	78.50	77.28	77.28	<b>-1.11</b>
<b>May-17</b>	79.11	79.36	77.67	78.03	<b>-1.08</b>
<b>Jul-17</b>	80.03	80.26	78.69	78.99	<b>-0.98</b>
<b>Oct-17</b>	75.33	75.33	75.33	75.33	<b>-0.19</b>
<b>Dec-17</b>	75.32	75.5	74.87	75.28	<b>-0.16</b>
<b>Mar-18</b>	75.45	75.46	74.95	75.26	<b>-0.13</b>

**Pakistan Cotton Spot rates: As on 07-March-2017**
**(in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
<b>Cotton</b>	37.32 Kgs	6750	135	6885
<b>Equivalent</b>	40 Kgs	7234	145	7379

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