

Domestic Fundamentals:

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

In The News: Punjab Agricultural University in Ludhiana has developed country's first genetically-modified (Bt) varieties of cotton, the seeds of which can be reused by the farmers, thereby saving the repeated cost they have to bear every season. Indian Council of Agricultural Research (ICAR) has identified three Bt cotton varieties — namely PAU Bt 1, F1861 and RS 2013 — for cultivation in states of Punjab, Haryana and Rajasthan. According to sources, the price of seed of these Bt cotton varieties shall be much lower as compared to current market price of Bt cotton hybrids seed, and thus, there is a scope to reduce the cost of cultivation and increase the savings of the farmers.

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 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	-24.00	1110	1115.5	1081	1087	8462	3167	12948	-261
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	83	-	-
May-17	-	-	-

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

*Updated at 5:52 pm as on 09 –Mar 2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-17	-210	21540	21620	21290	21340	3110	18380	7032	4609
Apr-17	-210	21650	21720	21400	21450	2228	-487	5057	172

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Mar-17		-110		-	-	-
Apr-17			-	-	-	-
	—			-	-	-

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

* Updated at 5:52 pm as on 09 –Mar 2017

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	9-Mar-17	8-Mar-17	
Gujarat	Ahmedabad	Shankar-6	5900	5950	-50
	Gondal	Shankar-6	5875	5880	-5
	Rajkot	B.T. Cotton	5850	5800	50
	Patan	B.T. Cotton	5880	5900	-20
	Kadi	B.T. Cotton	5900	5900	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5905	5900	5
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	6400	6400	Unch
	Bhiwani	Desi	5700	5800	-100
	Adampur	B.T. Cotton	6170	6135	35
	Fatehabad	B.T. Cotton	6135	6220	-85
	Jind	B.T. Cotton	6328	NA	-
	Uchana	B.T. Cotton	6226	6270	-44
	Dabwali	B.T. Cotton	5950	6035	-85
Rajasthan	Hanumangarh	B.T. Cotton	6200	6150	50
	Rawatsar	B.T. Cotton	6090	6060	30
Madhya Pradesh	Khandwa	Mech-1	5800	5800	Unch
	Khargaon	Mech-1	5910	5950	-40
Maharashtra	Amravati	Mech-1	5525	5475	50
	Jamner	Medium Staple	5460	5456	4
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5400	5370	30
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	5300	NA	-
	East Godavari	Un-Ginned	4160	4160	Unch
Karnataka	Bijapur	Bunny	6119	6119	Unch
	Hubli	D.C.H.	6131	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6100	6000	100
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	9-Mar-17	8-Mar-17	
Punjab	Bhatinda	J-34	4840	4850	-10
	Abohar	J-34	4840	4850	-10

	Mansa	J-34	4830	4835	-5
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4780	4780	Unch
Rajasthan	Sri-Ganganagar	J-34	5030	5021	9

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	9-Mar-17	8-Mar-17	
Gujarat	Ahmedabad	Shankar-6	71400	71400	Unch
	Gondal	Shankar-6	2834	2982	-148
	Rajkot	B.T. Cotton	5400	5000	400
	Patan	B.T. Cotton	3415	3198	217
	Kadi	B.T. Cotton	40000	45000	-5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	518	464	54
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1000	1000	Unch
	Bhiwani	Desi	50	50	Unch
	Adampur	B.T. Cotton	510	510	Unch
	Fatehabad	B.T. Cotton	150	200	-50
	Jind	B.T. Cotton	85	NA	-
	Uchana	B.T. Cotton	200	480	-280
	Dabwali	B.T. Cotton	100	150	-50
Rajasthan	Hanumangarh	B.T. Cotton	800	600	200
	Rawatsar	B.T. Cotton	800	600	200
Madhya Pradesh	Khandwa	Mech-1	2000	2000	Unch
	Khargaon	Mech-1	3550	2940	610
Maharashtra	Amravati	Mech-1	5000	4000	1000
	Jamner	Medium Staple	321	317	4
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	8612	8492	120
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	2142	2147	-5
	Hubli	D.C.H.	20	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	1552	1807	-255
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	9-Mar-17	8-Mar-17	
Punjab	Bhatinda	J-34	2550	2550	Unch
	Abohar	J-34	510	510	Unch
	Mansa	J-34	340	340	Unch
Haryana	Sirsa	J-34	850	850	Unch
Rajasthan	Sri-Ganganagar	J-34	488	401	87

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				8-Mar-17	7-Mar-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	35600	35600	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36600	36600	Unch
J-34(202)	26mm	3.5 - 4.9	23	45300	45500	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42600	42900	-300
Shankar-6(105)	29mm	3.5 - 4.9	28	43400	43700	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44900	44900	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45500	45500	Unch
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
		9-Mar-17	8-Mar-17	
Rajkot	Rs. /10 Kg.	660	665	-5
New Delhi	Rs. /10 Kg.	640	645	-5
Hyderabad	Rs. /10 Kg.	630	640	-10
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
		9-Mar-17	8-Mar-17	
Mahesana (Kadi)	Rs./Qtl	2228	2229	-1
Akola	Rs./Qtl	2230	2232	-2

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 09-March-2017</u>		
Index	RMB/Ton	Change
CCIndex(328)	15975	Unch
CCIndex(527)	15013	6
CCIndex(229)	16382	-1
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 09-March -2017</u>		
Index	Cents/lb	Change
FC Index (S)	89.55	0.06
FC Index (M)	86.67	0.02
FC Index (L)	85.29	0.03

<u>Cotlook Index: As on 08-March-2017</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	87.10	-1.00

<u>USDA Cotton Spot Rates: As on 08-March-2017</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	76.84	78.09	NIL
North Delta	75.59	76.84	NIL
South Delta	75.59	76.84	NIL
East TX-OK	75.00	76.25	4727
West Texas	75.00	76.50	2896
Desert SW	72.59	76.59	NIL
SJ Valley	73.59	82.49	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 08-March-2017

Contract	Open	High	Low	Close	Change
Mar-17	77.34	77.34	76.90	76.90	-0.38
May-17	77.90	78.29	77.61	78.09	0.06
Jul-17	78.75	79.2	78.54	79.03	0.04
Oct-17	75.52	75.52	75.52	75.52	0.19
Dec-17	75.09	75.46	74.85	75.45	0.17
Mar-18	74.9	75.34	74.86	75.34	0.08

Pakistan Cotton Spot rates: As on 08-March-2017
(in Pakistan Rupees)

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

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