

## Domestic Fundamentals:

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

**In The News:** During April –December 2016, India's cotton yarn exports declined by 12 per cent to 872 million kg compared to the same period previous year. However hopes of revival of cotton yarn exports from India have increased as the Chinese cotton auction began at 25 per cent higher price than that prevailing in the Indian domestic market. Chinese textile mills are likely to import cotton yarn instead of cotton as Indian cotton attracts 3.5 per cent duty in China. Moreover the cotton auctioned at China is up to seven –year old and the quality of cotton would start deteriorating and turning yellow when stocked for more than two-three years.

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.

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	-11.50	1078	1083	1062	1072.50	7861	2566	11973	-1236
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	87.50	-	-
May-17	-	-	-

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

\*Updated at 5:25 pm as on 10 –Mar 2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-17	-170	21240	21320	21060	21160	2885	18605	6297	3874
Apr-17	-150	21370	21430	21190	21300	1518	223	5357	472

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

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

\* Updated at 5:25 pm as on 10 –Mar 2017

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

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	10-Mar-17	9-Mar-17	
Gujarat	Ahmedabad	Shankar-6	5850	5900	-50
	Gondal	Shankar-6	5875	5875	Unch
	Rajkot	B.T. Cotton	5850	5850	Unch
	Patan	B.T. Cotton	NA	5880	-
	Kadi	B.T. Cotton	5750	5900	-150
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5900	5905	-5
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	6300	6400	-100
	Bhiwani	Desi	5700	5700	Unch
	Adampur	B.T. Cotton	6100	6170	-70
	Fatehabad	B.T. Cotton	6110	6135	-25
	Jind	B.T. Cotton	6182	6328	-146
	Uchana	B.T. Cotton	6226	6226	Unch
	Dabwali	B.T. Cotton	5870	5950	-80
Rajasthan	Hanumangarh	B.T. Cotton	6200	6200	Unch
	Rawatsar	B.T. Cotton	6100	6090	10
Madhya Pradesh	Khandwa	Mech-1	5895	5800	95
	Khargaon	Mech-1	5850	5910	-60
Maharashtra	Amravati	Mech-1	5450	5525	-75
	Jamner	Medium Staple	5472	5460	12
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5400	5400	Unch
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	5300	5300	Unch
	East Godavari	Un-Ginned	4160	4160	Unch
Karnataka	Bijapur	Bunny	NA	6119	-
	Hubli	D.C.H.	NA	6131	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	6100	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	10-Mar-17	9-Mar-17	
Punjab	Bhatinda	J-34	4810	4840	-30
	Abohar	J-34	4810	4840	-30

	Mansa	J-34	4800	4830	-30
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4750	4780	-30
Rajasthan	Sri-Ganganagar	J-34	4974	5030	-56

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	10-Mar-17	9-Mar-17	
Gujarat	Ahmedabad	Shankar-6	71400	71400	Unch
	Gondal	Shankar-6	2834	2834	Unch
	Rajkot	B.T. Cotton	3400	5400	-2000
	Patan	B.T. Cotton	NA	3415	-
	Kadi	B.T. Cotton	50000	40000	10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	424	518	-94
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	2000	1000	1000
	Bhiwani	Desi	50	50	Unch
	Adampur	B.T. Cotton	510	510	Unch
	Fatehabad	B.T. Cotton	300	150	150
	Jind	B.T. Cotton	43	85	-43
	Uchana	B.T. Cotton	100	200	-100
	Dabwali	B.T. Cotton	17	100	-83
Rajasthan	Hanumangarh	B.T. Cotton	500	800	-300
	Rawatsar	B.T. Cotton	700	800	-100
Madhya Pradesh	Khandwa	Mech-1	3240	2000	1240
	Khargaon	Mech-1	2500	3550	-1050
Maharashtra	Amravati	Mech-1	3000	5000	-2000
	Jamner	Medium Staple	310	321	-11
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	8612	8612	Unch
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	2142	-
	Hubli	D.C.H.	NA	20	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	NA	1552	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	10-Mar-17	9-Mar-17	
Punjab	Bhatinda	J-34	2550	2550	Unch
	Abohar	J-34	425	510	-85
	Mansa	J-34	255	340	-85
Haryana	Sirsa	J-34	850	850	Unch
Rajasthan	Sri-Ganganagar	J-34	422	488	-66

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				9-Mar-17	8-Mar-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	35500	35600	-100
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36500	36600	-100
J-34(202)	26mm	3.5 - 4.9	23	45100	45300	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42500	42600	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	43300	43400	-100
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
		10-Mar-17	9-Mar-17	
Rajkot	Rs. /10 Kg.	660	660	Unch
New Delhi	Rs. /10 Kg.	640	640	Unch
Hyderabad	Rs. /10 Kg.	635	630	5
Mumbai	Rs. /10 Kg.	660	662	-2

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

Centre	Unit	Price		Change
		10-Mar-17	9-Mar-17	
Mahesana (Kadi)	Rs./Qtl	2228	2228	Unch
Akola	Rs./Qtl	2224	2230	-6

**INTERNATIONAL PRICES AND INDICES**

<u><b>China Cotton Index: As on 10-March-2017</b></u>		
<b>Index</b>	<b>RMB/Ton</b>	<b>Change</b>
CCIndex(328)	15972	<b>-3</b>
CCIndex(527)	14982	<b>-31</b>
CCIndex(229)	16380	<b>-2</b>
RMB -Renminbi, 1RMB =0.16 \$U.S.		

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

<u><b>Cotlook Index: As on 09-March-2017</b></u>		
<b>Cotlook Indices</b>	<b>Cents/Pound</b>	<b>Change</b>
A-Index	87.10	<b>Unch</b>

<u><b>USDA Cotton Spot Rates: As on 09-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>	76.57	77.82	<b>NIL</b>
<b>North Delta</b>	75.32	76.57	<b>NIL</b>
<b>South Delta</b>	75.32	76.57	<b>NIL</b>
<b>East TX-OK</b>	75.00	76.25	<b>3244</b>
<b>West Texas</b>	75.00	76.50	<b>2023</b>
<b>Desert SW</b>	72.32	76.32	<b>NIL</b>
<b>SJ Valley</b>	73.32	82.22	<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 09-March-2017**

Contract	Open	High	Low	Close	Change
Mar-17	76.63	76.63	76.63	76.63	-0.27
May-17	78.15	78.58	77.10	77.82	-0.27
Jul-17	79.04	79.54	78.16	78.89	-0.14
Oct-17	75.48	75.78	75.48	75.78	0.26
Dec-17	75.37	75.54	74.80	75.49	0.04
Mar-18	75.02	75.40	74.79	75.36	0.02

**Pakistan Cotton Spot rates: As on 09-March-2017**
**(in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6800	135	6935
Equivalent	40 Kgs	7288	145	7433

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