

## Domestic Fundamentals:

**Market Outlook:** Cotton spot markets noticed mostly steady to weak tone on Tuesday.

**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 up this month. World 2016-17 cotton production is projected at 105.72 million bales, around 9.00 per cent above last season. World ending stocks are now projected higher at 90.48 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	-16.00	1061	1066	1046	1050	7861	0	11973	0
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	130	-	-
May-17	-	-	-

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

\*Updated at 6:42 pm as on 14 –Mar 2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-17	-140	21150	21230	21020	21050	2885	0	6297	0
Apr-17	-120	21260	21330	21130	21180	1204	314	5778	421

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

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

\* Updated at 6:42 pm as on 14 –Mar 2017

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

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	14-Mar-17	11-Mar-17	
Gujarat	Ahmedabad	Shankar-6	5850	5850	Unch
	Gondal	Shankar-6	5785	5875	-90
	Rajkot	B.T. Cotton	5900	5890	10
	Patan	B.T. Cotton	5830	NA	-
	Kadi	B.T. Cotton	5750	5750	Unch
	Deesa	B.T. Cotton	Closed	NA	-
	Dhrol	B.T. Cotton	5720	5855	-135
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	6250	6300	-50
	Bhiwani	Desi	5700	5700	Unch
	Adampur	B.T. Cotton	6000	6000	Unch
	Fatehabad	B.T. Cotton	6100	6100	Unch
	Jind	B.T. Cotton	6240	6225	15
	Uchana	B.T. Cotton	6120	6230	-110
	Dabwali	B.T. Cotton	5875	5995	-120
Rajasthan	Hanumangarh	B.T. Cotton	Closed	6000	-
	Rawatsar	B.T. Cotton	6050	6050	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	Closed	5820	-
Maharashtra	Amravati	Mech-1	NA	5500	-
	Jamner	Medium Staple	5489	5480	9
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5340	5350	-10
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	6149	NA	-
	Hubli	D.C.H.	NA	5939	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6000	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	14-Mar-17	11-Mar-17	
Punjab	Bhatinda	J-34	4770	4775	-5
	Abohar	J-34	4760	4770	-10

	Mansa	J-34	4760	4750	10
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4700	4700	Unch
Rajasthan	Sri-Ganganagar	J-34	4935	4935	Unch

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	14-Mar-17	11-Mar-17	
Gujarat	Ahmedabad	Shankar-6	42500	71400	-28900
	Gondal	Shankar-6	1944	2850	-906
	Rajkot	B.T. Cotton	3200	3400	-200
	Patan	B.T. Cotton	1803	NA	-
	Kadi	B.T. Cotton	40000	35000	5000
	Deesa	B.T. Cotton	Closed	NA	-
	Dhrol	B.T. Cotton	101	280	-179
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1000	2000	-1000
	Bhiwani	Desi	50	50	Unch
	Adampur	B.T. Cotton	85	170	-85
	Fatehabad	B.T. Cotton	150	200	-50
	Jind	B.T. Cotton	10	37	-27
	Uchana	B.T. Cotton	140	350	-210
	Dabwali	B.T. Cotton	70	70	Unch
Rajasthan	Hanumangarh	B.T. Cotton	Closed	700	-
	Rawatsar	B.T. Cotton	60	100	-40
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	Closed	3250	-
Maharashtra	Amravati	Mech-1	NA	2500	-
	Jamner	Medium Staple	319	323	-4
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	7431	9095	-1664
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	2198	NA	-
	Hubli	D.C.H.	NA	8	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	630	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	14-Mar-17	11-Mar-17	
Punjab	Bhatinda	J-34	2550	850	1700
	Abohar	J-34	340	170	170
	Mansa	J-34	425	170	255
Haryana	Sirsa	J-34	170	340	-170
Rajasthan	Sri-Ganganagar	J-34	139	556	-417

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				11-Mar-17	10-Mar-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	35200	35500	-300
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36200	36500	-300
J-34(202)	26mm	3.5 - 4.9	23	44400	44700	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42000	42300	-300
Shankar-6(105)	29mm	3.5 - 4.9	28	42800	43100	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44700	44900	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45300	45500	-200
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
		14-Mar-17	11-Mar-17	
Rajkot	Rs. /10 Kg.	650	655	-5
New Delhi	Rs. /10 Kg.	630	635	-5
Hyderabad	Rs. /10 Kg.	630	630	Unch
Mumbai	Rs. /10 Kg.	660	660	Unch

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

Centre	Unit	Price		Change
		14-Mar-17	11-Mar-17	
Mahesana (Kadi)	Rs./Qtl	2208	2207	1
Akola	Rs./Qtl	2200	2205	-5

**INTERNATIONAL PRICES AND INDICES**

<u><b>China Cotton Index: As on 14-March-2017</b></u>		
<b>Index</b>	<b>RMB/Ton</b>	<b>Change</b>
CCIndex(328)	15958	<b>-13</b>
CCIndex(527)	14980	<b>-2</b>
CCIndex(229)	16373	<b>-10</b>
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u><b>China Foreign Cotton (FCE) Index : As on 14-March-2017</b></u>		
<b>Index</b>	<b>Cents/lb</b>	<b>Change</b>
FC Index (S)	88.55	<b>-0.71</b>
FC Index (M)	85.73	<b>-0.70</b>
FC Index (L)	84.04	<b>-1.00</b>

<u><b>Cotlook Index: As on 13-March-2017</b></u>		
<b>Cotlook Indices</b>	<b>Cents/Pound</b>	<b>Change</b>
A-Index	86.45	<b>-0.45</b>

<u><b>USDA Cotton Spot Rates: As on 13-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>	75.62	76.87	<b>NIL</b>
<b>North Delta</b>	74.37	75.62	<b>NIL</b>
<b>South Delta</b>	74.37	75.62	<b>NIL</b>
<b>East TX-OK</b>	74.75	76.00	<b>2184</b>
<b>West Texas</b>	74.75	76.25	<b>5493</b>
<b>Desert SW</b>	71.37	75.37	<b>NIL</b>
<b>SJ Valley</b>	72.37	81.27	<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 13-March-2017**

Contract	Open	High	Low	Close	Change
<b>May-17</b>	77.15	77.58	76.81	76.87	<b>-0.42</b>
<b>Jul-17</b>	78.24	78.60	77.80	77.86	<b>-0.51</b>
<b>Oct-17</b>	75.78	75.78	75.29	75.29	<b>-0.45</b>
<b>Dec-17</b>	75.15	75.29	74.55	74.98	<b>-0.31</b>
<b>Mar-18</b>	74.53	75.15	74.44	74.82	<b>-0.31</b>
<b>May-18</b>	74.55	75.07	74.55	74.74	<b>-0.34</b>

**Pakistan Cotton Spot rates: As on 13-March-2017**
**(in Pakistan Rupees)**

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

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