

Domestic Fundamentals:

Market Outlook: Cotton spot markets noticed range –bound to firm tone on Thursday.

In The News: A scientist from the Central Institute for Cotton Research (CICR) has developed the shortest-duration cotton variety in the world. This variety requires 100-120 days for maturity and could be solution to the problems of dryland cotton farmers in regions like Vidarbha and Telangana. The new variety is likely to give higher yields in a shorter time duration.

A Committee empowered by the Textiles Commissioner of India has proposed a uniform unit of weight for the domestic and international cotton trade. The committee comprising of 7-8 representatives from the cotton trade, stakeholders, exporters and Cotton Corporation of India has recommended a uniform weight for cotton trading in kilos or tonnes. This step will ensure more uniformity and transparency in the cotton trade according to traders.

India Ratings (Ind-Ra) has maintained a stable outlook for cotton textiles for the next financial year amid steady input prices, healthy capacity utilization and good domestic demand. Ind-Ra has revised its cotton outlook to stable for FY18 from negative for FY17. Fiscal incentives and implementation of Goods and Services Tax (GST) will improve the industry's export competitiveness. Favourable trade agreements with the US and Europe will increase India's exports and a higher-than expected domestic demand would be positive for the sector.

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 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	-1.50	1066	1072.5	1060.5	1064	5332	-188	11777	-9
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	121	-	-
May-17	-	-	-

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

*Updated at 6:24 pm as on 16 –Mar 2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-17	+40	21290	21470	21270	21350	2334	551	4972	-1325
Apr-17	+80	21420	21620	21400	21520	2477	-1273	6613	835

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Mar-17		-170		-	-	-
Apr-17			-	-	-	-
	—			-	-	-

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

* Updated at 6:24 pm as on 16 –Mar 2017

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	16-Mar-17	15-Mar-17	
Gujarat	Ahmedabad	Shankar-6	5850	5850	Unch
	Gondal	Shankar-6	5825	5825	Unch
	Rajkot	B.T. Cotton	5925	5900	25
	Patan	B.T. Cotton	5900	5835	65
	Kadi	B.T. Cotton	5800	5800	Unch
	Deesa	B.T. Cotton	Closed	Closed	-
	Dhrol	B.T. Cotton	5820	5700	120
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	6325	6250	75
	Bhiwani	Desi	5500	5700	-200
	Adampur	B.T. Cotton	6100	6025	75
	Fatehabad	B.T. Cotton	6135	6075	60
	Jind	B.T. Cotton	6229	6171	58
	Uchana	B.T. Cotton	6064	6070	-6
	Dabwali	B.T. Cotton	5975	5820	155
Rajasthan	Hanumangarh	B.T. Cotton	6000	6000	Unch
	Rawatsar	B.T. Cotton	6000	5960	40
Madhya Pradesh	Khandwa	Mech-1	5800	Closed	-
	Khargaon	Mech-1	5750	Closed	-
Maharashtra	Amravati	Mech-1	5550	5500	50
	Jamner	Medium Staple	5490	5486	4
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5330	5330	Unch
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	6159	6151	8
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6000	6000	Unch
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	16-Mar-17	15-Mar-17	
Punjab	Bhatinda	J-34	4775	4770	5
	Abohar	J-34	4775	4760	15

	Mansa	J-34	4770	4760	10
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4720	4700	20
Rajasthan	Sri-Ganganagar	J-34	4870	4860	10

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	16-Mar-17	15-Mar-17	
Gujarat	Ahmedabad	Shankar-6	57800	57800	Unch
	Gondal	Shankar-6	1309	1309	Unch
	Rajkot	B.T. Cotton	2600	2200	400
	Patan	B.T. Cotton	3715	3664	51
	Kadi	B.T. Cotton	15000	20000	-5000
	Deesa	B.T. Cotton	Closed	Closed	-
	Dhrol	B.T. Cotton	336	314	22
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1000	500	500
	Bhiwani	Desi	50	50	Unch
	Adampur	B.T. Cotton	510	425	85
	Fatehabad	B.T. Cotton	250	300	-50
	Jind	B.T. Cotton	17	17	Unch
	Uchana	B.T. Cotton	425	250	175
	Dabwali	B.T. Cotton	75	117	-42
Rajasthan	Hanumangarh	B.T. Cotton	500	300	200
	Rawatsar	B.T. Cotton	300	400	-100
Madhya Pradesh	Khandwa	Mech-1	2000	Closed	-
	Khargaon	Mech-1	2100	Closed	-
Maharashtra	Amravati	Mech-1	4500	3000	1500
	Jamner	Medium Staple	319	328	-9
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	7437	7327	110
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	2229	2350	-121
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	892	1162	-270
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	16-Mar-17	15-Mar-17	
Punjab	Bhatinda	J-34	2210	2040	170
	Abohar	J-34	425	170	255
	Mansa	J-34	425	340	85
Haryana	Sirsa	J-34	680	170	510
Rajasthan	Sri-Ganganagar	J-34	589	198	391

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				15-Mar-17	14-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	44400	44400	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41700	41700	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	42700	42600	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44600	44500	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45300	45200	100
DCH-32(107)	34mm	3.0 - 3.8	33	58000	57000	100

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

Centre	Unit	Price		Change
		16-Mar-17	15-Mar-17	
Rajkot	Rs. /10 Kg.	645	650	-5
New Delhi	Rs. /10 Kg.	635	630	5
Hyderabad	Rs. /10 Kg.	630	630	Unch
Mumbai	Rs. /10 Kg.	650	660	-10

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

Centre	Unit	Price		Change
		16-Mar-17	15-Mar-17	
Mahesana (Kadi)	Rs./Qtl	2224	2208	16
Akola	Rs./Qtl	2212	2200	12

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 16-March-2017</u>		
Index	RMB/Ton	Change
CCIndex(328)	15938	-19
CCIndex(527)	14946	-29
CCIndex(229)	16341	-26
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 16-March-2017</u>		
Index	Cents/lb	Change
FC Index (S)	89.60	0.90
FC Index (M)	86.65	0.78
FC Index (L)	85.28	1.01

<u>Cotlook Index: As on 15-March-2017</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	86.40	0.30

<u>USDA Cotton Spot Rates: As on 15-March-2017</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	76.83	78.08	120
North Delta	75.58	76.83	NIL
South Delta	75.58	76.83	NIL
East TX-OK	75.50	76.75	5694
West Texas	75.50	77.00	1942
Desert SW	72.58	76.58	NIL
SJ Valley	73.58	82.48	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 15-March-2017

Contract	Open	High	Low	Close	Change
May-17	77.33	78.26	77.17	78.08	0.93
Jul-17	78.27	79.22	78.21	79.09	0.90
Oct-17	76.38	76.38	76.09	76.09	0.59
Dec-17	75.00	75.44	74.96	75.35	0.32
Mar-18	75.05	75.17	75.05	75.17	0.33
May-18	75.08	75.08	75.08	75.08	0.31

Pakistan Cotton Spot rates: As on 15-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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