

## Domestic Fundamentals:

**Market Outlook:** Cotton spot markets noticed mostly firm tone on Friday.

**In The News:** 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 February. Consumption is expected at 295 lakh bales same as compared to previous estimate. Total arrivals of cotton in the country as on February 28, 2017 is reported at to be 226.30 lakh bales. The projected balance sheet drawn by the CAI estimated total supply for cotton season 2016-17 at 407 lakh bales. Considering the domestic consumption of 295 lakh bales as stated above, the total available surplus for the season is estimated at 112 lakh bales.

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.

### 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	+12.50	1060	1080	1060	1077	5464	132	11920	143
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	108	-	-
May-17	-	-	-

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

\*Updated at 5:43 pm as on 17 –Mar 2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-17	+80	21330	21480	21280	21440	1453	881	4849	-123
Apr-17	+70	21480	21650	21440	21590	1901	576	6911	298

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Mar-17		-150		-	-	-
Apr-17			-	-	-	-
	—			-	-	-

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

\* Updated at 5:43 pm as on 17 –Mar 2017

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

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	17-Mar-17	16-Mar-17	
Gujarat	Ahmedabad	Shankar-6	5900	5850	50
	Gondal	Shankar-6	5855	5825	30
	Rajkot	B.T. Cotton	5925	5925	Unch
	Patan	B.T. Cotton	5945	5900	45
	Kadi	B.T. Cotton	5750	5800	-50
	Deesa	B.T. Cotton	Closed	Closed	-
	Dhrol	B.T. Cotton	5840	5820	20
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	6350	6325	25
	Bhiwani	Desi	5500	5500	Unch
	Adampur	B.T. Cotton	6100	6100	Unch
	Fatehabad	B.T. Cotton	6150	6135	15
	Jind	B.T. Cotton	6300	6229	71
	Uchana	B.T. Cotton	6173	6064	109
	Dabwali	B.T. Cotton	5975	5975	Unch
Rajasthan	Hanumangarh	B.T. Cotton	6000	6000	Unch
	Rawatsar	B.T. Cotton	6060	6000	60
Madhya Pradesh	Khandwa	Mech-1	Closed	5800	-
	Khargaon	Mech-1	Closed	5750	-
Maharashtra	Amravati	Mech-1	5575	5550	25
	Jamner	Medium Staple	5500	5490	10
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5340	5330	10
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	NA	6159	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6025	6000	25
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	17-Mar-17	16-Mar-17	
Punjab	Bhatinda	J-34	4785	4775	10
	Abohar	J-34	4790	4775	15

	Mansa	J-34	4780	4770	10
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4730	4720	10
Rajasthan	Sri-Ganganagar	J-34	4880	4870	9

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	17-Mar-17	16-Mar-17	
Gujarat	Ahmedabad	Shankar-6	54400	57800	-3400
	Gondal	Shankar-6	2412	1309	1103
	Rajkot	B.T. Cotton	3800	2600	1200
	Patan	B.T. Cotton	4925	3715	1210
	Kadi	B.T. Cotton	20000	15000	5000
	Deesa	B.T. Cotton	Closed	Closed	-
	Dhrol	B.T. Cotton	429	336	93
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1500	1000	500
	Bhiwani	Desi	50	50	Unch
	Adampur	B.T. Cotton	510	510	Unch
	Fatehabad	B.T. Cotton	600	250	350
	Jind	B.T. Cotton	26	17	9
	Uchana	B.T. Cotton	110	425	-315
	Dabwali	B.T. Cotton	68	75	-7
Rajasthan	Hanumangarh	B.T. Cotton	350	500	-150
	Rawatsar	B.T. Cotton	400	300	100
Madhya Pradesh	Khandwa	Mech-1	Closed	2000	-
	Khargaon	Mech-1	Closed	2100	-
Maharashtra	Amravati	Mech-1	3500	4500	-1000
	Jamner	Medium Staple	324	319	5
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	7184	7437	-253
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	2229	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	990	892	98
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	17-Mar-17	16-Mar-17	
Punjab	Bhatinda	J-34	2040	2210	-170
	Abohar	J-34	425	425	Unch
	Mansa	J-34	425	425	Unch
Haryana	Sirsa	J-34	510	680	-170
Rajasthan	Sri-Ganganagar	J-34	730	589	141

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				16-Mar-17	15-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	44600	44400	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41700	41700	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	43000	42700	300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44900	44600	300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45600	45300	300
DCH-32(107)	34mm	3.0 - 3.8	33	58000	58000	Unch

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

Centre	Unit	Price		Change
		17-Mar-17	16-Mar-17	
Rajkot	Rs. /10 Kg.	645	645	Unch
New Delhi	Rs. /10 Kg.	640	635	5
Hyderabad	Rs. /10 Kg.	630	630	Unch
Mumbai	Rs. /10 Kg.	650	650	Unch

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

Centre	Unit	Price		Change
		17-Mar-17	16-Mar-17	
Mahesana (Kadi)	Rs./Qtl	2229	2224	5
Akola	Rs./Qtl	2207	2212	-5

**INTERNATIONAL PRICES AND INDICES**

<b>China Cotton Index: As on 17-March-2017</b>		
<b>Index</b>	<b>RMB/Ton</b>	<b>Change</b>
CCIndex(328)	15936	<b>-2</b>
CCIndex(527)	14946	<b>Unch</b>
CCIndex(229)	16336	<b>-5</b>
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<b>China Foreign Cotton (FCE) Index : As on 17-March-2017</b>		
<b>Index</b>	<b>Cents/lb</b>	<b>Change</b>
FC Index (S)	89.60	<b>Unch</b>
FC Index (M)	86.65	<b>Unch</b>
FC Index (L)	85.28	<b>Unch</b>

<b>Cotlook Index: As on 16-March-2017</b>		
<b>Cotlook Indices</b>	<b>Cents/Pound</b>	<b>Change</b>
A-Index	87.40	<b>1.00</b>

<b>USDA Cotton Spot Rates: As on 16-March-2017</b>			
<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>	76.92	78.17	<b>NIL</b>
<b>North Delta</b>	75.67	76.92	<b>36</b>
<b>South Delta</b>	75.67	76.92	<b>57</b>
<b>East TX-OK</b>	75.50	76.75	<b>2938</b>
<b>West Texas</b>	75.50	77.00	<b>2560</b>
<b>Desert SW</b>	72.67	76.67	<b>NIL</b>
<b>SJ Valley</b>	73.67	82.57	<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 16-March-2017**

Contract	Open	High	Low	Close	Change
May-17	78.08	78.89	78.00	78.17	0.09
Jul-17	79.08	79.80	79.00	79.12	0.03
Oct-17	76.10	76.10	76.10	76.10	0.01
Dec-17	75.25	75.64	75.23	75.46	0.11
Mar-18	75.21	75.33	75.15	75.23	0.06
May-18	75.09	75.16	75.08	75.08	Unch

**Pakistan Cotton Spot rates: As on 16-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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