

Domestic Fundamentals:

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

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	18-Mar-17	17-Mar-17	
Gujarat	Ahmedabad	Shankar-6	5900	5900	Unch
	Gondal	Shankar-6	5855	5855	Unch
	Rajkot	B.T. Cotton	5975	5925	50
	Patan	B.T. Cotton	5890	5945	-55
	Kadi	B.T. Cotton	5900	5750	150
	Deesa	B.T. Cotton	Closed	Closed	-
	Dhrol	B.T. Cotton	5920	5840	80
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	6380	6350	30
	Bhiwani	Desi	5500	5500	Unch
	Adampur	B.T. Cotton	6100	6100	Unch
	Fatehabad	B.T. Cotton	6150	6150	Unch
	Jind	B.T. Cotton	6350	6300	50
	Uchana	B.T. Cotton	6165	6173	-8
	Dabwali	B.T. Cotton	5975	5975	Unch
Rajasthan	Hanumangarh	B.T. Cotton	6060	6000	60
	Rawatsar	B.T. Cotton	6100	6060	40
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	Closed	Closed	-
Maharashtra	Amravati	Mech-1	5600	5575	25
	Jamner	Medium Staple	5509	5500	9
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	5340	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	4160	-
Karnataka	Bijapur	Bunny	6099	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6025	6025	Unch
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	18-Mar-17	17-Mar-17	
Punjab	Bhatinda	J-34	4800	4785	15

	Abohar	J-34	4800	4790	10
	Mansa	J-34	4795	4780	15
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4750	4730	20
Rajasthan	Sri-Ganganagar	J-34	4959	4880	79

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	18-Mar-17	17-Mar-17	
Gujarat	Ahmedabad	Shankar-6	57800	54400	3400
	Gondal	Shankar-6	2400	2412	-12
	Rajkot	B.T. Cotton	4000	3800	200
	Patan	B.T. Cotton	4485	4925	-440
	Kadi	B.T. Cotton	35000	20000	15000
	Deesa	B.T. Cotton	Closed	Closed	-
	Dhrol	B.T. Cotton	346	429	-83
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	2000	1500	500
	Bhiwani	Desi	50	50	Unch
	Adampur	B.T. Cotton	595	510	85
	Fatehabad	B.T. Cotton	600	600	Unch
	Jind	B.T. Cotton	34	26	9
	Uchana	B.T. Cotton	350	110	240
	Dabwali	B.T. Cotton	50	68	-18
Rajasthan	Hanumangarh	B.T. Cotton	600	350	250
	Rawatsar	B.T. Cotton	300	400	-100
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	Closed	Closed	-
Maharashtra	Amravati	Mech-1	3500	3500	Unch
	Jamner	Medium Staple	319	324	-5
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	7184	-
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	3047	NA	-
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	547	990	-443
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	18-Mar-17	17-Mar-17	
Punjab	Bhatinda	J-34	1700	2040	-340
	Abohar	J-34	340	425	-85
	Mansa	J-34	510	425	85
Haryana	Sirsa	J-34	850	510	340
Rajasthan	Sri-Ganganagar	J-34	500	730	-230

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				17-Mar-17	16-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	44600	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41700	41700	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	43000	43000	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44900	44900	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45600	45600	Unch
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
		18-Mar-17	17-Mar-17	
Rajkot	Rs. /10 Kg.	645	645	Unch
New Delhi	Rs. /10 Kg.	640	640	Unch
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
		18-Mar-17	17-Mar-17	
Mahesana (Kadi)	Rs./Qtl	2230	2229	1
Akola	Rs./Qtl	2208	2207	1

INTERNATIONAL PRICES AND INDICES

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

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

<u>Cotlook Index: As on 17-March-2017</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	87.45	0.05

<u>USDA Cotton Spot Rates: As on 17-March-2017</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	77.11	78.36	NIL
North Delta	75.86	77.11	NIL
South Delta	75.86	77.11	NIL
East TX-OK	75.75	77.00	3232
West Texas	75.75	77.25	5929
Desert SW	72.86	76.86	NIL
SJ Valley	73.86	82.76	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 17-March-2017

Contract	Open	High	Low	Close	Change
May-17	78.09	78.60	77.90	78.36	0.19
Jul-17	79.12	79.52	78.90	79.38	0.26
Oct-17	76.19	76.19	76.19	76.19	0.09
Dec-17	75.30	75.64	75.10	75.63	0.17
Mar-18	75.17	75.48	75.12	75.48	0.25
May-18	75.04	75.31	75.04	75.31	0.23

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

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2017 Indian Agribusiness Systems Pvt. Ltd.