

Domestic Fundamentals:

Market Outlook: Cotton spot markets noticed mixed tone on Monday.

In The News: Cotton acreage in the northern states of Punjab, Haryana and Rajasthan are expected to increase in the forthcoming kharif season. Cotton growers are likely to switch back to cotton from cereals mainly paddy following higher price of cotton. According to cottonseed makers, farmers and traders, acreage under the crop will increase by around 20-25 per cent in 2017 -18 kharif season over last year's acreage of 11.96 lakh hectares.

Cotton acreage in North India, which stood at a high of 15.55 lakh hectares in 2014-15, declined to 13.90 lakh ha in the following year and reached a low of 11.96 lakh ha in 2016-17 amid rising pest attacks and declining yields. Cotton prices are ruling firm in the country on lower availability and steady demand in the domestic market. Cotton has yielded better returns in 2016-17 compared with other competing crops.

The agriculture ministry has decided to retain last year's maximum sale price (MSP) of Bt Cottonseed at Rs.800 per 850 gm packet for the 2017-18 kharif season. The share of Bt variety in total cotton area sown declined to 83% in 2016-17 from 91% in the previous season.

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.

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	-2.00	1087	1087	1066.5	1075	6159	695	11810	-110
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	113	-	-
May-17	-	-	-

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

*Updated at 7:32 pm as on 20 –Mar 2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-17	+140	21520	21610	21450	21560	2099	-646	4116	-733
Apr-17	+150	21670	21790	21620	21750	2648	-747	7128	217

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Mar-17		-190		-	-	-
Apr-17			-	-	-	-
	—			-	-	-

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

* Updated at 7:32 pm as on 20 –Mar 2017

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	20-Mar-17	18-Mar-17	
Gujarat	Ahmedabad	Shankar-6	6000	5900	100
	Gondal	Shankar-6	5815	5855	-40
	Rajkot	B.T. Cotton	5940	5975	-35
	Patan	B.T. Cotton	5895	5890	5
	Kadi	B.T. Cotton	5900	5900	Unch
	Deesa	B.T. Cotton	Closed	Closed	-
	Dhrol	B.T. Cotton	5860	5920	-60
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	6400	6380	20
	Bhiwani	Desi	5500	5500	Unch
	Adampur	B.T. Cotton	6175	6100	75
	Fatehabad	B.T. Cotton	6200	6150	50
	Jind	B.T. Cotton	6300	6350	-50
	Uchana	B.T. Cotton	6229	6165	64
	Dabwali	B.T. Cotton	NR	5975	-
Rajasthan	Hanumangarh	B.T. Cotton	6150	6060	90
	Rawatsar	B.T. Cotton	6000	6100	-100
Madhya Pradesh	Khandwa	Mech-1	5800	Closed	-
	Khargaon	Mech-1	6000	Closed	-
Maharashtra	Amravati	Mech-1	5650	5600	50
	Jamner	Medium Staple	5515	5509	6
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5340	NA	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4160	NA	-
Karnataka	Bijapur	Bunny	6141	6099	42
	Hubli	D.C.H.	5851	6089	-238
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6050	6025	25
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	20-Mar-17	18-Mar-17	
Punjab	Bhatinda	J-34	4820	4800	20

	Abohar	J-34	4820	4800	20
	Mansa	J-34	4810	4795	15
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4770	4750	20
Rajasthan	Sri-Ganganagar	J-34	4974	4959	15

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	20-Mar-17	18-Mar-17	
Gujarat	Ahmedabad	Shankar-6	59500	57800	1700
	Gondal	Shankar-6	2562	2400	162
	Rajkot	B.T. Cotton	4000	4000	Unch
	Patan	B.T. Cotton	4915	4485	430
	Kadi	B.T. Cotton	20000	35000	-15000
	Deesa	B.T. Cotton	Closed	Closed	-
	Dhrol	B.T. Cotton	625	346	279
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	3000	2000	1000
	Bhiwani	Desi	100	50	50
	Adampur	B.T. Cotton	510	595	-85
	Fatehabad	B.T. Cotton	200	600	-400
	Jind	B.T. Cotton	15	34	-19
	Uchana	B.T. Cotton	500	350	150
	Dabwali	B.T. Cotton	NR	50	-
Rajasthan	Hanumangarh	B.T. Cotton	700	600	100
	Rawatsar	B.T. Cotton	500	300	200
Madhya Pradesh	Khandwa	Mech-1	2400	Closed	-
	Khargaon	Mech-1	780	Closed	-
Maharashtra	Amravati	Mech-1	3000	3500	-500
	Jamner	Medium Staple	325	319	6
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5458	NA	-
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	3322	3047	275
	Hubli	D.C.H.	6	19	-13

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	1492	547	945
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	20-Mar-17	18-Mar-17	
Punjab	Bhatinda	J-34	1700	1700	Unch
	Abohar	J-34	510	340	170
	Mansa	J-34	340	510	-170
Haryana	Sirsa	J-34	850	850	Unch
Rajasthan	Sri-Ganganagar	J-34	472	500	-28

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				18-Mar-17	17-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	44700	44600	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41700	41700	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	43100	43000	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	45100	44900	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45800	45600	200
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
		20-Mar-17	18-Mar-17	
Rajkot	Rs. /10 Kg.	660	645	15
New Delhi	Rs. /10 Kg.	645	640	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
		20-Mar-17	18-Mar-17	
Mahesana (Kadi)	Rs./Qtl	2219	2230	-11
Akola	Rs./Qtl	2200	2208	-8

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 20-March-2017		
Index	RMB/Ton	Change
CCIndex(328)	15946	10
CCIndex(527)	14966	20
CCIndex(229)	16348	12
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 20-March-2017		
Index	Cents/lb	Change
FC Index (S)	89.78	0.18
FC Index (M)	86.78	0.13
FC Index (L)	85.53	0.25

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

USDA Cotton Spot Rates: As on 17-March-2017			
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 18-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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