

Domestic Fundamentals:

Market Outlook: Cotton spot markets noticed range –bound to weak tone on Tuesday.

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.

India's textiles exports declined by around 4.5 per cent to \$26 billion during April-December this fiscal year. The exports of textiles during April –December (2016 -17) were recorded at \$26 billion compared to \$27.2 billion during the same period previous year.

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	-21.50	1071	1071	1053	1054	4350	-1809	11350	-460
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	136	-	-
May-17	-	-	-

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

*Updated at 8:10 pm as on 21 –Mar 2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-17	-360	21340	21420	21170	21190	1866	233	3393	-723
Apr-17	-410	21590	21590	21320	21330	2909	-261	6992	-136

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

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

* Updated at 8:10 pm as on 21 –Mar 2017

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	21-Mar-17	20-Mar-17	
Gujarat	Ahmedabad	Shankar-6	5900	6000	-100
	Gondal	Shankar-6	5815	5815	Unch
	Rajkot	B.T. Cotton	5950	5940	10
	Patan	B.T. Cotton	5930	5895	35
	Kadi	B.T. Cotton	6000	5900	100
	Deesa	B.T. Cotton	NA	Closed	-
	Dhrol	B.T. Cotton	5930	5860	70
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	6350	6400	-50
	Bhiwani	Desi	5500	5500	Unch
	Adampur	B.T. Cotton	6110	6175	-65
	Fatehabad	B.T. Cotton	6175	6200	-25
	Jind	B.T. Cotton	6235	6300	-65
	Uchana	B.T. Cotton	6211	6229	-18
	Dabwali	B.T. Cotton	6030	NR	-
Rajasthan	Hanumangarh	B.T. Cotton	6180	6150	30
	Rawatsar	B.T. Cotton	5900	6000	-100
Madhya Pradesh	Khandwa	Mech-1	5800	5800	Unch
	Khargaon	Mech-1	6000	6000	Unch
Maharashtra	Amravati	Mech-1	5675	5650	25
	Jamner	Medium Staple	5531	5515	16
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5340	5340	Unch
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	6164	6141	23
	Hubli	D.C.H.	5829	5851	-22
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6080	6050	30
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	21-Mar-17	20-Mar-17	
Punjab	Bhatinda	J-34	4825	4820	5

	Abohar	J-34	4825	4820	5
	Mansa	J-34	4820	4810	10
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4770	4770	Unch
Rajasthan	Sri-Ganganagar	J-34	4959	4974	-15

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	21-Mar-17	20-Mar-17	
Gujarat	Ahmedabad	Shankar-6	52700	59500	-6800
	Gondal	Shankar-6	NA	2562	-
	Rajkot	B.T. Cotton	4600	4000	600
	Patan	B.T. Cotton	5670	4915	755
	Kadi	B.T. Cotton	40000	20000	20000
	Deesa	B.T. Cotton	NA	Closed	-
	Dhrol	B.T. Cotton	567	625	-58
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	2000	3000	-1000
	Bhiwani	Desi	50	100	-50
	Adampur	B.T. Cotton	680	510	170
	Fatehabad	B.T. Cotton	600	200	400
	Jind	B.T. Cotton	80	15	65
	Uchana	B.T. Cotton	140	500	-360
	Dabwali	B.T. Cotton	150	NR	-
Rajasthan	Hanumangarh	B.T. Cotton	400	700	-300
	Rawatsar	B.T. Cotton	500	500	Unch
Madhya Pradesh	Khandwa	Mech-1	2000	2400	-400
	Khargaon	Mech-1	NA	780	-
Maharashtra	Amravati	Mech-1	3500	3000	500
	Jamner	Medium Staple	320	325	-5
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	7813	5458	2355
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	2149	3322	-1173
	Hubli	D.C.H.	4	6	-2

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	1372	1492	-120
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	21-Mar-17	20-Mar-17	
Punjab	Bhatinda	J-34	1700	1700	Unch
	Abohar	J-34	425	510	-85
	Mansa	J-34	340	340	Unch
Haryana	Sirsa	J-34	850	850	Unch
Rajasthan	Sri-Ganganagar	J-34	231	472	-241

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				20-Mar-17	18-Mar-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	35300	35100	200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36300	36100	200
J-34(202)	26mm	3.5 - 4.9	23	44900	44700	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42000	41700	300
Shankar-6(105)	29mm	3.5 - 4.9	28	43400	43100	300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	45200	45100	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45900	45800	100
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
		21-Mar-17	20-Mar-17	
Rajkot	Rs. /10 Kg.	657	660	-3
New Delhi	Rs. /10 Kg.	640	645	-5
Hyderabad	Rs. /10 Kg.	635	630	5
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
		21-Mar-17	20-Mar-17	
Mahesana (Kadi)	Rs./Qtl	2200	2219	-19
Akola	Rs./Qtl	2219	2200	19

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 21-March-2017		
Index	RMB/Ton	Change
CCIndex(328)	15943	-3
CCIndex(527)	14950	-16
CCIndex(229)	16343	-5
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 21-March-2017		
Index	Cents/lb	Change
FC Index (S)	89.38	-0.40
FC Index (M)	86.39	-0.39
FC Index (L)	84.59	-0.94

Cotlook Index: As on 20-March-2017		
Cotlook Indices	Cents/Pound	Change
A-Index	87.70	0.25

USDA Cotton Spot Rates: As on 20-March-2017			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	76.08	77.33	NIL
North Delta	74.83	76.08	NIL
South Delta	74.83	76.08	NIL
East TX-OK	75.25	76.50	998
West Texas	75.25	76.75	3538
Desert SW	71.83	75.83	NIL
SJ Valley	72.83	81.73	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 20-March-2017

Contract	Open	High	Low	Close	Change
May-17	78.33	78.74	77.30	77.33	-1.03
Jul-17	79.23	79.72	78.5	78.54	-0.84
Oct-17	76.61	76.61	75.84	76.18	-0.01
Dec-17	75.53	75.72	75.31	75.67	0.04
Mar-18	75.5	75.57	75.26	75.51	0.03
May-18	75.44	75.46	75.44	75.46	0.15

Pakistan Cotton Spot rates: As on 20-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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