

## Domestic Fundamentals:

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

**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.

The Southern India Mills Association (SIMA) has advised the mills to avoid panic buying of cotton. Till date cotton arrivals in the domestic market are lower compared to previous year. Both at the global level and in India, the cotton supply position is comfortable. According to sources at SIMA, India has contracted to import 15 lakh bales of cotton from West Africa and U.S. Prices are likely to ease when Australian cotton arrives in the market around May. Reports indicate that there has been a significant increase in the Australian cotton crop — from 28 lakh bales previous year to 45 lakh bales this year and an 18 per cent increase in the US cotton crop. China has restricted cotton imports and the global cotton position is more than comfortable according to sources at SIMA.

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 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.

### 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	1071	1077.5	1068.5	1072	2874	-1476	11157	-193
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 6:36 pm as on 23 –Mar 2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-17	-30	21420	21580	21410	21420	1561	-281	2338	-629
Apr-17	10	21540	21740	21540	21610	2583	-638	8006	854

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

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

\* Updated at 6:36 pm as on 23 –Mar 2017

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

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	23-Mar-17	22-Mar-17	
Gujarat	Ahmedabad	Shankar-6	5900	5900	Unch
	Gondal	Shankar-6	5885	5925	-40
	Rajkot	B.T. Cotton	5925	5875	50
	Patan	B.T. Cotton	5970	5905	65
	Kadi	B.T. Cotton	5900	5900	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5870	5775	95
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	6350	6250	100
	Bhiwani	Desi	5500	5500	Unch
	Adampur	B.T. Cotton	6070	6030	40
	Fatehabad	B.T. Cotton	6150	6080	70
	Jind	B.T. Cotton	6269	6100	169
	Uchana	B.T. Cotton	6059	6150	-91
	Dabwali	B.T. Cotton	6035	6035	Unch
Rajasthan	Hanumangarh	B.T. Cotton	6150	6050	100
	Rawatsar	B.T. Cotton	6000	5900	100
Madhya Pradesh	Khandwa	Mech-1	5800	NR	-
	Khargaon	Mech-1	5865	5920	-55
Maharashtra	Amravati	Mech-1	5600	5550	50
	Jamner	Medium Staple	5531	5528	3
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5330	5310	20
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	5250	-
	East Godavari	Un-Ginned	4160	NA	-
Karnataka	Bijapur	Bunny	6159	6164	-5
	Hubli	D.C.H.	NA	6021	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6050	6011	39
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	23-Mar-17	22-Mar-17	
Punjab	Bhatinda	J-34	4815	4770	45

	Abohar	J-34	4815	4770	45
	Mansa	J-34	4805	4765	40
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4750	4720	30
Rajasthan	Sri-Ganganagar	J-34	4880	4912	-32

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	23-Mar-17	22-Mar-17	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	2810	2751	59
	Rajkot	B.T. Cotton	3800	4400	-600
	Patan	B.T. Cotton	5470	5144	326
	Kadi	B.T. Cotton	20000	25000	-5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	373	601	-228
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1500	1000	500
	Bhiwani	Desi	20	50	-30
	Adampur	B.T. Cotton	850	680	170
	Fatehabad	B.T. Cotton	700	1000	-300
	Jind	B.T. Cotton	34	12	22
	Uchana	B.T. Cotton	260	260	Unch
	Dabwali	B.T. Cotton	180	210	-30
Rajasthan	Hanumangarh	B.T. Cotton	600	800	-200
	Rawatsar	B.T. Cotton	300	400	-100
Madhya Pradesh	Khandwa	Mech-1	2000	NR	-
	Khargaon	Mech-1	3630	3350	280
Maharashtra	Amravati	Mech-1	3000	4000	-1000
	Jamner	Medium Staple	310	316	-6
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	7531	8145	-614
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	2380	2149	231
	Hubli	D.C.H.	NA	24	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	1005	1267	-262
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	23-Mar-17	22-Mar-17	
Punjab	Bhatinda	J-34	1700	1700	Unch
	Abohar	J-34	510	510	Unch
	Mansa	J-34	340	340	Unch
Haryana	Sirsa	J-34	850	850	Unch
Rajasthan	Sri-Ganganagar	J-34	302	310	-8

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				22-Mar-17	21-Mar-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	35300	35300	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36300	36300	Unch
J-34(202)	26mm	3.5 - 4.9	23	44600	44800	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41700	41900	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	43100	43300	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	45100	45200	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45800	45900	-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
		23-Mar-17	22-Mar-17	
Rajkot	Rs. /10 Kg.	660	660	Unch
New Delhi	Rs. /10 Kg.	640	635	5
Hyderabad	Rs. /10 Kg.	635	635	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
		23-Mar-17	22-Mar-17	
Mahesana (Kadi)	Rs./Qtl	2205	2195	10
Akola	Rs./Qtl	2196	2189	7

**INTERNATIONAL PRICES AND INDICES**

<b>China Cotton Index: As on 23-March-2017</b>		
<b>Index</b>	<b>RMB/Ton</b>	<b>Change</b>
CCIndex(328)	15896	<b>-36</b>
CCIndex(527)	14886	<b>-37</b>
CCIndex(229)	16316	<b>-22</b>
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<b>China Foreign Cotton (FCE) Index : As on 23-March-2017</b>		
<b>Index</b>	<b>Cents/lb</b>	<b>Change</b>
FC Index (S)	89.52	<b>0.46</b>
FC Index (M)	86.62	<b>0.48</b>
FC Index (L)	84.79	<b>0.70</b>

<b>Cotlook Index: As on 22-March-2017</b>		
<b>Cotlook Indices</b>	<b>Cents/Pound</b>	<b>Change</b>
A-Index	86.35	<b>-0.50</b>

<b>USDA Cotton Spot Rates: As on 22-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>	76.09	77.34	<b>NIL</b>
<b>North Delta</b>	74.84	76.09	<b>NIL</b>
<b>South Delta</b>	74.84	76.09	<b>NIL</b>
<b>East TX-OK</b>	74.75	76.00	<b>3935</b>
<b>West Texas</b>	74.75	76.25	<b>1410</b>
<b>Desert SW</b>	71.84	75.84	<b>NIL</b>
<b>SJ Valley</b>	72.84	81.74	<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 22-March-2017**

Contract	Open	High	Low	Close	Change
May-17	76.76	78.18	76.67	77.34	0.50
Jul-17	78.05	79.30	77.95	78.50	0.41
Oct-17	75.96	76.44	75.54	75.60	0.12
Dec-17	74.93	75.62	74.75	75.16	0.28
Mar-18	74.65	75.21	74.65	74.83	0.18
May-18	74.61	74.98	74.53	74.77	0.20

**Pakistan Cotton Spot rates: As on 22-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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