

Domestic Fundamentals:

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

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:

Egypt's cotton exports increased by 63.9 per cent during the first quarter of the planting season of 2016/17 according to data released by the Central Agency for Public Mobilisation and Statistics (CAPMAS). Egypt's cotton exports during the period September –November 2016 was reported at 202,500 bales compared to 123,600 bales in the same period previous year.

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	-9.00	1067	1071.5	1057	1060	3863	989	11270	113
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	120	-	-
May-17	-	-	-

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)
 *Updated at 5:52 pm as on 24 –Mar 2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-17	-50	21320	21370	21240	21300	1229	332	1761	-577
Apr-17	-50	21500	21600	21460	21490	2016	567	8036	30

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

(NB: Spread Basis = Spot- Near Month Future)
 * Updated at 5:52 pm as on 24 –Mar 2017

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	24-Mar-17	23-Mar-17	
Gujarat	Ahmedabad	Shankar-6	5900	5900	Unch
	Gondal	Shankar-6	5895	5885	10
	Rajkot	B.T. Cotton	5900	5925	-25
	Patan	B.T. Cotton	NR	5970	-
	Kadi	B.T. Cotton	5900	5900	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5900	5870	30
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	6300	6350	-50
	Bhiwani	Desi	5500	5500	Unch
	Adampur	B.T. Cotton	6040	6070	-30
	Fatehabad	B.T. Cotton	6090	6150	-60
	Jind	B.T. Cotton	6322	6269	53
	Uchana	B.T. Cotton	6144	6059	85
	Dabwali	B.T. Cotton	6020	6035	-15
Rajasthan	Hanumangarh	B.T. Cotton	Closed	6150	-
	Rawatsar	B.T. Cotton	5900	6000	-100
Madhya Pradesh	Khandwa	Mech-1	5800	5800	Unch
	Khargaon	Mech-1	5910	5865	45
Maharashtra	Amravati	Mech-1	5600	5600	Unch
	Jamner	Medium Staple	5542	5531	11
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5320	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	6159	6159	Unch
	Hubli	D.C.H.	6139	6011	128
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6100	6050	50
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	24-Mar-17	23-Mar-17	
Punjab	Bhatinda	J-34	4820	4815	5

	Abohar	J-34	4815	4815	Unch
	Mansa	J-34	4810	4805	5
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4750	4750	Unch
Rajasthan	Sri-Ganganagar	J-34	4907	4880	27

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	24-Mar-17	23-Mar-17	
Gujarat	Ahmedabad	Shankar-6	42500	51000	-8500
	Gondal	Shankar-6	2622	2810	-188
	Rajkot	B.T. Cotton	2000	3800	-1800
	Patan	B.T. Cotton	NR	5470	-
	Kadi	B.T. Cotton	20000	20000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	421	373	48
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1000	1500	-500
	Bhiwani	Desi	10	20	-10
	Adampur	B.T. Cotton	765	850	-85
	Fatehabad	B.T. Cotton	800	700	100
	Jind	B.T. Cotton	119	34	85
	Uchana	B.T. Cotton	250	260	-10
	Dabwali	B.T. Cotton	150	180	-30
Rajasthan	Hanumangarh	B.T. Cotton	Closed	600	-
	Rawatsar	B.T. Cotton	400	300	100
Madhya Pradesh	Khandwa	Mech-1	1500	2000	-500
	Khargaon	Mech-1	3310	3630	-320
Maharashtra	Amravati	Mech-1	3500	3000	500
	Jamner	Medium Staple	310	310	Unch
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	7958	7531	427
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	2045	2380	-335
	Hubli	D.C.H.	6	28	-22

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	997	1005	-8
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	24-Mar-17	23-Mar-17	
Punjab	Bhatinda	J-34	1700	1700	Unch
	Abohar	J-34	510	510	Unch
	Mansa	J-34	255	340	-85
Haryana	Sirsa	J-34	1020	850	170
Rajasthan	Sri-Ganganagar	J-34	346	302	44

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				23-Mar-17	22-Mar-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	35200	35300	-100
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36200	36300	-100
J-34(202)	26mm	3.5 - 4.9	23	44700	44600	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42000	41700	300
Shankar-6(105)	29mm	3.5 - 4.9	28	43300	43100	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	45100	45100	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	46000	45800	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
		24-Mar-17	23-Mar-17	
Rajkot	Rs. /10 Kg.	660	660	Unch
New Delhi	Rs. /10 Kg.	640	640	Unch
Hyderabad	Rs. /10 Kg.	635	635	Unch
Mumbai	Rs. /10 Kg.	640	650	-10

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

Centre	Unit	Price		Change
		24-Mar-17	23-Mar-17	
Mahesana (Kadi)	Rs./Qtl	2195	2205	-10
Akola	Rs./Qtl	2198	2196	2

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 24-March-2017</u>		
Index	RMB/Ton	Change
CCIndex(328)	15896	Unch
CCIndex(527)	14886	Unch
CCIndex(229)	16307	-9
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 24-March-2017</u>		
Index	Cents/lb	Change
FC Index (S)	89.52	Unch
FC Index (M)	86.62	Unch
FC Index (L)	84.79	Unch

<u>Cotlook Index: As on 23-March-2017</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	86.85	0.50

<u>USDA Cotton Spot Rates: As on 23-March-2017</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	76.02	77.27	13001
North Delta	74.77	76.02	NIL
South Delta	74.77	76.02	NIL
East TX-OK	74.75	76.00	300
West Texas	74.75	76.25	2683
Desert SW	71.77	75.77	NIL
SJ Valley	72.77	81.67	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 23-March-2017

Contract	Open	High	Low	Close	Change
May-17	77.61	77.97	77.23	77.27	-0.07
Jul-17	78.59	79.10	78.43	78.48	-0.02
Oct-17	76.09	76.09	76.09	76.09	0.49
Dec-17	75.00	75.60	75.00	75.49	0.33
Mar-18	75.19	75.21	74.94	75.21	0.38
May-18	75.03	75.08	75.03	75.08	0.31

Pakistan Cotton Spot rates: As on 23-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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