

Domestic Fundamentals:

Market Outlook: Mixed sentiments were recorded in cotton spot markets 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.

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	-13	1058.00	1063.50	1048.00	1063.50				
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)

* Indated at 5:22 pm as on 27 -Mar 2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-17	-90	21420.00	21550.00	21350.00	21540.00				

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

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

* Updated at 5:22 pm as on 27 -Mar 2017

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	27-Mar-17	25-Mar-17	
Gujarat	Ahmedabad	Shankar-6	Closed	5900	-
	Gondal	Shankar-6	NA	5895	-
	Rajkot	B.T. Cotton	NA	NA	-
	Patan	B.T. Cotton	NA	5950	-
	Kadi	B.T. Cotton	Closed	5850	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	6225	6280	-55
	Bhiwani	Desi	5500	5500	Unch
	Adampur	B.T. Cotton	6010	6000	10
	Fatehabad	B.T. Cotton	6050	6075	-25
	Jind	B.T. Cotton	6250	6230	20
	Uchana	B.T. Cotton	6060	6060	Unch
	Dabwali	B.T. Cotton	NA	6000	-
Rajasthan	Hanumangarh	B.T. Cotton	6000	6100	-100
	Rawatsar	B.T. Cotton	5800	5800	Unch
Madhya Pradesh	Khandwa	Mech-1	5700	5835	-135
	Khargaon	Mech-1	5910	5910	Unch
Maharashtra	Amravati	Mech-1	5650	5650	Unch
	Jamner	Medium Staple	5579	5576	3
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	6119	6149	-30
	Hubli	D.C.H.	6165	5959	206
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6050	6050	Unch
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	27-Mar-17	25-Mar-17	

Punjab	Bhatinda	J-34	4815	4805	10
	Abohar	J-34	4820	4810	10
	Mansa	J-34	4810	4790	20
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4720	4720	Unch
Rajasthan	Sri-Ganganagar	J-34	4898	4933	-36

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	27-Mar-17	25-Mar-17	
Gujarat	Ahmedabad	Shankar-6	Closed	42500	-
	Gondal	Shankar-6	NA	2272	-
	Rajkot	B.T. Cotton	NA	NA	-
	Patan	B.T. Cotton	NA	8467	-
	Kadi	B.T. Cotton	Closed	25000	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	NA	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	700	1000	-300
	Bhiwani	Desi	10	50	-40
	Adampur	B.T. Cotton	510	680	-170
	Fatehabad	B.T. Cotton	600	500	100
	Jind	B.T. Cotton	43	85	-43
	Uchana	B.T. Cotton	275	160	115
	Dabwali	B.T. Cotton	NA	130	-
Rajasthan	Hanumangarh	B.T. Cotton	200	200	Unch
	Rawatsar	B.T. Cotton	400	500	-100
Madhya Pradesh	Khandwa	Mech-1	1500	2000	-500
	Khargaon	Mech-1	2410	3300	-890
Maharashtra	Amravati	Mech-1	5000	4000	1000
	Jamner	Medium Staple	323	319	4
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	7947	7879	68
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	2269	1715	554

	Hubli	D.C.H.	38	8	30
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	465	727	-262
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	27-Mar-17	25-Mar-17	
Punjab	Bhatinda	J-34	1700	1700	Unch
	Abohar	J-34	340	170	170
	Mansa	J-34	255	255	Unch
Haryana	Sirsa	J-34	850	1020	-170
Rajasthan	Sri-Ganganagar	J-34	121	225	-104

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				25-Mar-17	24-Mar-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	35200	35200	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36200	36200	Unch
J-34(202)	26mm	3.5 - 4.9	23	44500	44600	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42000	42000	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	43300	43300	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	45100	45100	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	46000	46000	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
		27-Mar-17	25-Mar-17	
Rajkot	Rs. /10 Kg.	655	660	-5
New Delhi	Rs. /10 Kg.	630	635	-5
Hyderabad	Rs. /10 Kg.	635	635	Unch
Mumbai	Rs. /10 Kg.	640	640	Unch

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

Centre	Unit	Price		Change
		27-Mar-17	25-Mar-17	
Mahesana (Kadi)	Rs./Qtl	2184	2192	-8
Akola	Rs./Qtl	2190	2200	-10

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 27-March-2017</u>		
Index	RMB/Ton	Change
CCIndex(328)	15875	-21
CCIndex(527)	14860	-26
CCIndex(229)	16299	-8
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 27-March-2017</u>		
Index	Cents/lb	Change
FC Index (S)	90.00	0.48
FC Index (M)	87.30	0.68
FC Index (L)	85.77	0.98

<u>Cotlook Index: As on 24-March-2017</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	86.85	Unch

<u>USDA Cotton Spot Rates: As on 24-March-2017</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	76.22	77.47	NIL
North Delta	74.97	76.22	NIL
South Delta	74.97	76.22	NIL
East TX-OK	75.00	76.25	2467
West Texas	75.00	76.50	2585
Desert SW	71.97	75.97	NIL
SJ Valley	72.97	81.87	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.): Ason24-March-2017

Contract	Open	High	Low	Close	Change
May-17	77.27	78.15	77.17	77.47	0.20
Jul-17	78.47	79.26	78.36	78.74	0.26
Oct-17	76.17	76.17	76.17	76.17	0.08
Dec-17	75.22	75.55	75.22	75.49	Unch
Mar-18	75.05	75.05	74.97	75.05	-0.16
May-18	74.90	74.98	74.82	74.84	-0.24

Pakistan Cotton Spot rates: As on25-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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