

Domestic Fundamentals:

Market Outlook: Cotton spot market mainly traded weak 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.

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)

*I 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	28-Mar-17	27-Mar-17	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	Closed	Closed	-
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	Closed	Closed	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	Closed	Closed	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	6180	6225	-45
	Bhiwani	Desi	5300	5500	-200
	Adampur	B.T. Cotton	5950	6010	-60
	Fatehabad	B.T. Cotton	5970	6050	-80
	Jind	B.T. Cotton	6150	6250	-100
	Uchana	B.T. Cotton	NA	6060	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	6000	6000	Unch
	Rawatsar	B.T. Cotton	5770	5800	-30
Madhya Pradesh	Khandwa	Mech-1	5850	5700	150
	Khargaon	Mech-1	5900	5910	-10
Maharashtra	Amravati	Mech-1	5550	5650	-100
	Jamner	Medium Staple	NA	5579	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	Closed	5320	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	5250	NA	-
	East Godavari	Un-Ginned	4160	4160	Unch
Karnataka	Bijapur	Bunny	NA	6119	-
	Hubli	D.C.H.	NA	6165	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	6050	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	28-Mar-17	27-Mar-17	
Punjab	Bhatinda	J-34	4780	4815	-35

	Abohar	J-34	4770	4820	-50
	Mansa	J-34	4770	4810	-40
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4680	4720	-40
Rajasthan	Sri-Ganganagar	J-34	4794	4898	-103

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	28-Mar-17	27-Mar-17	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	Closed	Closed	-
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	Closed	Closed	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	Closed	Closed	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1000	700	300
	Bhiwani	Desi	10	10	Unch
	Adampur	B.T. Cotton	595	510	85
	Fatehabad	B.T. Cotton	600	600	Unch
	Jind	B.T. Cotton	85	43	43
	Uchana	B.T. Cotton	NA	275	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	100	200	-100
	Rawatsar	B.T. Cotton	300	400	-100
Madhya Pradesh	Khandwa	Mech-1	1170	1500	-330
	Khargaon	Mech-1	2290	2410	-120
Maharashtra	Amravati	Mech-1	6000	5000	1000
	Jamner	Medium Staple	NA	323	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	Closed	7947	-
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	NA	2269	-
	Hubli	D.C.H.	NA	38	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	465	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	28-Mar-17	27-Mar-17	
Punjab	Bhatinda	J-34	1700	1700	Unch
	Abohar	J-34	510	340	170
	Mansa	J-34	255	255	Unch
Haryana	Sirsa	J-34	1020	850	170
Rajasthan	Sri-Ganganagar	J-34	400	121	279

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				27-Mar-17	25-Mar-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	34900	35200	-300
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	35900	36200	-300
J-34(202)	26mm	3.5 - 4.9	23	44400	44500	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41900	42000	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	43200	43300	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	45000	45100	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45900	46000	-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
		28-Mar-17	27-Mar-17	
Rajkot	Rs. /10 Kg.	655	655	Unch
New Delhi	Rs. /10 Kg.	630	630	Unch
Hyderabad	Rs. /10 Kg.	625	635	-10
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
		28-Mar-17	27-Mar-17	
Mahesana (Kadi)	Rs./Qtl	2168	2184	-16
Akola	Rs./Qtl	2177	2190	-13

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 28-March-2017</u>		
Index	RMB/Ton	Change
CCIndex(328)	15875	Unch
CCIndex(527)	14855	-5
CCIndex(229)	16297	-2
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 28-March-2017</u>		
Index	Cents/lb	Change
FC Index (S)	89.49	-0.51
FC Index (M)	86.81	-0.49
FC Index (L)	85.27	-0.50

<u>Cotlook Index: As on 27-March-2017</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	87.20	0.35

<u>USDA Cotton Spot Rates: As on 27-March-2017</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	75.69	76.94	NIL
North Delta	74.44	75.69	NIL
South Delta	74.44	75.69	NIL
East TX-OK	75.00	76.25	800
West Texas	75.00	76.50	1678
Desert SW	71.44	75.44	NIL
SJ Valley	72.44	81.34	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 27-March-2017

Contract	Open	High	Low	Close	Change
May-17	77.47	77.73	76.90	76.94	-0.53
Jul-17	78.76	78.93	78.22	78.31	-0.43
Oct-17	76.00	76.00	75.60	75.60	-0.57
Dec-17	75.35	75.49	74.98	75.02	-0.47
Mar-18	75.02	75.02	74.64	74.65	-0.40
May-18	74.94	74.94	74.60	74.61	-0.23

Pakistan Cotton Spot rates: As on 27-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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