

Domestic Fundamentals:

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

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:

According to agriculture ministry, Mali's cotton production for the upcoming 2017/18 season is estimated at 725,000 tonnes compared to 645,000 tonnes in the current season. Plantation of more land, renewing subsidies and continuing a two-year-old programme that provides tractors at reduced prices will help in achieving higher production in the coming season.

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	-8.50	1046	1051	1038	1039	3396	-467	9708	-1562
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	141	-	-
May-17	-	-	-

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)
 *Updated at 5:37 pm as on 29 –Mar 2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-17	-100	21050	21060	20920	20960	419	810	1114	-647
	-130	21350	21370	21190	21230	2101	-85	7946	-90

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Mar-17		-270		-	-	-
Apr-17			-	-	-	-
	—			-	-	-

(NB: Spread Basis = Spot- Near Month Future)
 * Updated at 5:37 pm as on 29 –Mar 2017

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	29-Mar-17	28-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	6200	6180	20
	Bhiwani	Desi	5250	5300	-50
	Adampur	B.T. Cotton	5900	5950	-50
	Fatehabad	B.T. Cotton	6000	5970	30
	Jind	B.T. Cotton	6199	6150	49
	Uchana	B.T. Cotton	NR	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	5950	6000	-50
	Rawatsar	B.T. Cotton	5770	5770	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	5850	-
	Khargaon	Mech-1	5900	5900	Unch
Maharashtra	Amravati	Mech-1	5600	5550	50
	Jamner	Medium Staple	5581	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	Closed	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	5250	-
	East Godavari	Un-Ginned	4160	4160	Unch
Karnataka	Bijapur	Bunny	NA	5970	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	29-Mar-17	28-Mar-17	
Punjab	Bhatinda	J-34	4780	4780	Unch

	Abohar	J-34	4770	4770	Unch
	Mansa	J-34	4770	4770	Unch
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4680	4680	Unch
Rajasthan	Sri-Ganganagar	J-34	4658	4794	-136

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	29-Mar-17	28-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	1000	Unch
	Bhiwani	Desi	NA	10	-
	Adampur	B.T. Cotton	510	595	-85
	Fatehabad	B.T. Cotton	600	600	Unch
	Jind	B.T. Cotton	90	85	5
	Uchana	B.T. Cotton	NR	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	60	100	-40
	Rawatsar	B.T. Cotton	100	300	-200
Madhya Pradesh	Khandwa	Mech-1	Closed	1170	-
	Khargaon	Mech-1	1900	2290	-390
Maharashtra	Amravati	Mech-1	5500	6000	-500
	Jamner	Medium Staple	320	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	Closed	-
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	159	-
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	29-Mar-17	28-Mar-17	
Punjab	Bhatinda	J-34	2040	1700	340
	Abohar	J-34	680	510	170
	Mansa	J-34	340	255	85
Haryana	Sirsa	J-34	680	1020	-340
Rajasthan	Sri-Ganganagar	J-34	114	400	-286

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
		29-Mar-17	28-Mar-17	
Rajkot	Rs. /10 Kg.	650	655	-5
New Delhi	Rs. /10 Kg.	630	630	Unch
Hyderabad	Rs. /10 Kg.	Closed	625	-
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
		29-Mar-17	28-Mar-17	
Mahesana (Kadi)	Rs./Qtl	2170	2168	2
Akola	Rs./Qtl	2196	2177	19

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 29-March-2017		
Index	RMB/Ton	Change
CCIndex(328)	15872	-3
CCIndex(527)	14856	1
CCIndex(229)	16299	2
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 28-March-2017		
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

Cotlook Index: As on 28-March-2017		
Cotlook Indices	Cents/Pound	Change
A-Index	86.85	-0.35

USDA Cotton Spot Rates: As on 28-March-2017			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	75.63	76.88	NIL
North Delta	74.38	75.63	NIL
South Delta	74.38	75.63	NIL
East TX-OK	75.00	76.25	1870
West Texas	75.00	76.50	557
Desert SW	71.38	75.38	NIL
SJ Valley	72.38	81.28	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 28-March-2017

Contract	Open	High	Low	Close	Change
May-17	77.00	77.51	76.70	76.88	-0.06
Jul-17	78.25	78.81	78.10	78.28	-0.03
Oct-17	75.53	75.53	75.53	75.53	-0.07
Dec-17	74.92	75.09	74.44	74.89	-0.13
Mar-18	74.65	74.67	74.30	74.58	-0.07
May-18	74.60	74.60	74.44	74.46	-0.15

Pakistan Cotton Spot rates: As on 28-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

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2017 Indian Agribusiness Systems Pvt. Ltd.