

## Domestic Fundamentals:

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

**In The News:** Textile sector seeks Technology Mission On Cotton (TMC) amid decline in yield of cotton. Though India is the largest producer and net exporter of cotton, productivity declined below 500kg of lint/hectare in 2015-16 from a high of 566 kg/ha in 2013-14. During the current season, productivity has been recorded at 568 kg/ha amid good monsoon. the national average yield in Australia, Brazil, China, Turkey Mexico and Israel is more than 1,500 kg/ha. India's poor productivity is related to obsolete technology and insufficient fund support for cotton research. The textile sector wants the TMC back in a revised format. It will help to double the income of the cotton farmer and fuel the growth of the textile industry.

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.

### 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 weak in the near -term.**

#### **NCDEX Kapas Futures\*: (Prices in Rs/20kg)**

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Con_1	+1.50	1040	1047.5	1038	1040	2606	-561	8159	-933
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	140	-	-
May-17	-	-	-

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)  
 \*Updated at 5:07 pm as on 31 –Mar 2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-17	-530	20800	20920	20290	20290	178	199	908	-58
Apr-17	-30	21120	21180	21040	21060	1181	1441	7769	-40

Spread	Mar-17	April-17	May-17	June-17	--	--
Spot	—			-	-	-
Mar-17		-770		-	-	-
Apr-17			-	-	-	-
	—			-	-	-

(NB: Spread Basis = Spot- Near Month Future)  
 \* Updated at 5:07 pm as on 31 –Mar 2017

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

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	1-Apr-17	31-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	5850	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	6125	6100	25
	Bhiwani	Desi	5250	5200	50
	Adampur	B.T. Cotton	5950	5980	-30
	Fatehabad	B.T. Cotton	6035	5950	85
	Jind	B.T. Cotton	6059	6059	Unch
	Uchana	B.T. Cotton	6050	6050	Unch
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	5900	5900	Unch
	Rawatsar	B.T. Cotton	5780	5780	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	Closed	Closed	-
Maharashtra	Amravati	Mech-1	5500	5500	Unch
	Jamner	Medium Staple	NA	5603	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	NA	-
	Hathras	Desi	NR	NA	-
Telangana	Adilabad	Un-Ginned	5300	5310	-10
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	5250	-
	East Godavari	Un-Ginned	NA	4160	-
Karnataka	Bijapur	Bunny	NA	6140	-
	Hubli	D.C.H.	6179	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	1-Apr-17	31-Mar-17	
Punjab	Bhatinda	J-34	4765	4735	30

	Abohar	J-34	4770	4730	40
	Mansa	J-34	4730	4725	5
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4665	4640	25
Rajasthan	Sri-Ganganagar	J-34	4277	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	1-Apr-17	31-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	15000	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	300	700
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	595	510	85
	Fatehabad	B.T. Cotton	175	300	-125
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	20	50	-30
Madhya Pradesh	Khandwa	Mech-1	Closed	Closed	-
	Khargaon	Mech-1	Closed	Closed	-
Maharashtra	Amravati	Mech-1	NA	3000	-
	Jamner	Medium Staple	NA	317	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	NA	-
	Hathras	Desi	NR	NA	-
Telangana	Adilabad	Un-Ginned	NA	3452	-
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	770	-
	Hubli	D.C.H.	10	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	1-Apr-17	31-Mar-17	
Punjab	Bhatinda	J-34	1360	1190	170
	Abohar	J-34	255	170	85
	Mansa	J-34	170	213	-43
Haryana	Sirsa	J-34	510	510	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

### DOMESTIC PRICES AND ARRIVALS

#### Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				31-Mar-17	30-Mar-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	34400	34600	-200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	35400	35600	-200
J-34(202)	26mm	3.5 - 4.9	23	43800	43800	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42100	42000	100
Shankar-6(105)	29mm	3.5 - 4.9	28	43300	43100	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44800	44800	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45900	45900	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
		1-Apr-17	31-Mar-17	
Rajkot	Rs. /10 Kg.	650	655	-5
New Delhi	Rs. /10 Kg.	630	630	Unch
Hyderabad	Rs. /10 Kg.	620	625	-5
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
		1-Apr-17	31-Mar-17	
Mahesana (Kadi)	Rs./Qtl	Closed	Closed	-
Akola	Rs./Qtl	2178	2179	-1

### INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 1-April-2017</u>		
Index	RMB/Ton	Change
CCIndex(328)	15862	-3
CCIndex(527)	14848	1
CCIndex(229)	16288	-15
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 31-March-2017</u>		
Index	Cents/lb	Change
FC Index (S)	88.99	-0.50
FC Index (M)	86.44	-0.70
FC Index (L)	84.52	-0.75

<u>Cotlook Index: As on 31-March-2017</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	86.35	0.05

<u>USDA Cotton Spot Rates: As on 31-March-2017</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	76.08	77.33	935
North Delta	74.83	76.08	52
South Delta	74.83	76.08	NIL
East TX-OK	74.50	75.75	2571
West Texas	74.50	76.00	2444
Desert SW	71.83	75.83	NIL
SJ Valley	72.83	81.73	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.): Ason31-March-2017**

Contract	Open	High	Low	Close	Change
<b>May-17</b>	76.23	77.40	75.80	77.33	<b>1.10</b>
<b>Jul-17</b>	77.58	78.64	77.17	78.59	<b>0.99</b>
<b>Oct-17</b>	74.61	74.61	74.61	74.61	<b>0.39</b>
<b>Dec-17</b>	73.60	74.40	73.00	74.09	<b>0.40</b>
<b>Mar-18</b>	73.41	74.00	72.86	73.75	<b>0.31</b>
<b>May-18</b>	73.43	73.71	72.80	73.67	<b>0.36</b>

**Pakistan Cotton Spot rates: As on31-March-2017**

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
<b>Cotton</b>	37.32 Kgs	6700	135	6835
<b>Equivalent</b>	40 Kgs	7180	145	7325

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