

Domestic Fundamentals:

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

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	-6.00	1041.00	1043.50	1033.00	1044.00	3,031	1,350	7996	-172
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	143	-	-
May-17	-	-	-

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)

*Updated at 5:00 pm as on 06 –Apr 2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-17	-80.00	21020.00	21100.00	20900.00	21040.00	2,179	775	7504	-58
May-17	-70.00	21190.00	21280.00	21080.00	21220.00	820	83	4573	234

Spread	April-17	May-17	June-17	April-17	--	--
Spot	---			-	-	-
Apr-17		-180		-	-	-

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

* Updated at 5:00 pm as on 06 –Apr 2017

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	6-Apr-17	5-Apr-17	
Gujarat	Ahmedabad	Shankar-6	5900	5900	Unch
	Gondal	Shankar-6	5830	5830	Unch
	Rajkot	B.T. Cotton	5935	5950	-15
	Patan	B.T. Cotton	NA	5870	-
	Kadi	B.T. Cotton	6000	6000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	5900	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	6200	6225	-25
	Bhiwani	Desi	5250	5250	Unch
	Adampur	B.T. Cotton	6000	5990	10
	Fatehabad	B.T. Cotton	6030	6050	-20
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	6170	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	6100	-
	Rawatsar	B.T. Cotton	NA	5800	-
Madhya Pradesh	Khandwa	Mech-1	NR	6000	-
	Khargaon	Mech-1	NR	6045	-
Maharashtra	Amravati	Mech-1	5650	5600	50
	Jamner	Medium Staple	5639	5632	7
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5300	5300	Unch
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	6200	6139	61
	Hubli	D.C.H.	NA	5759	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6020	6000	20
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	6-Apr-17	5-Apr-17	
Punjab	Bhatinda	J-34	4810	4800	10

	Abohar	J-34	4810	4800	10
	Mansa	J-34	4800	4790	10
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4720	4700	20
Rajasthan	Sri-Ganganagar	J-34	NA	4794	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	6-Apr-17	5-Apr-17	
Gujarat	Ahmedabad	Shankar-6	30600	34000	-3400
	Gondal	Shankar-6	NA	880	-
	Rajkot	B.T. Cotton	4600	2800	1800
	Patan	B.T. Cotton	NA	3412	-
	Kadi	B.T. Cotton	20000	20000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	348	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	500	600	-100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	510	510	Unch
	Fatehabad	B.T. Cotton	300	300	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	290	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	585	-
	Rawatsar	B.T. Cotton	NA	50	-
Madhya Pradesh	Khandwa	Mech-1	NR	765	-
	Khargaon	Mech-1	NR	1350	-
Maharashtra	Amravati	Mech-1	1400	1700	-300
	Jamner	Medium Staple	317	321	-4
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4055	5412	-1357
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	430	651	-221
	Hubli	D.C.H.	NA	6	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	742	720	22
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	6-Apr-17	5-Apr-17	
Punjab	Bhatinda	J-34	340	1360	-1020
	Abohar	J-34	340	340	Unch
	Mansa	J-34	425	255	170
Haryana	Sirsa	J-34	680	680	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	40	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				5-Apr-17	3-Apr-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	34600	34700	-100
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	35600	35700	-100
J-34(202)	26mm	3.5 - 4.9	23	44400	44900	-500
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42700	42700	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	44000	44000	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	45600	45600	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	46600	46600	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
		6-Apr-17	5-Apr-17	
Rajkot	Rs. /10 Kg.	660	655	5
New Delhi	Rs. /10 Kg.	640	640	Unch
Hyderabad	Rs. /10 Kg.	610	620	-10
Mumbai	Rs. /10 Kg.	635	635	Unch

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

Centre	Unit	Price		Change
		6-Apr-17	5-Apr-17	
Mahesana (Kadi)	Rs./Qtl	2209	2216	-7
Akola	Rs./Qtl	2172	2180	-8

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 6-April-2017		
Index	RMB/Ton	Change
CCIndex(328)	15848	-3
CCIndex(527)	14831	-7
CCIndex(229)	16243	-9
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 6-April-2017		
Index	Cents/lb	Change
FC Index (S)	89.04	0.01
FC Index (M)	86.54	0.02
FC Index (L)	84.85	Unch

Cotlook Index: As on 5-April-2017		
Cotlook Indices	Cents/Pound	Change
A-Index	85.60	-0.40

USDA Cotton Spot Rates: As on 5-April-2017			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	73.87	75.12	264
North Delta	72.37	73.62	NIL
South Delta	72.37	73.62	NIL
East TX-OK	73.25	74.50	350
West Texas	73.25	74.75	3202
Desert SW	69.37	73.37	NIL
SJ Valley	70.37	79.27	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.): Ason5-April-2017

Contract	Open	High	Low	Close	Change
May-17	74.65	75.19	74.65	74.87	0.02
Jul-17	76.63	77.02	76.46	76.66	0.05
Oct-17	73.83	73.83	73.83	73.83	0.39
Dec-17	72.91	73.68	72.85	73.39	0.40
Mar-18	73.00	73.39	72.94	73.32	0.39
May-18	73.12	73.34	73.00	73.29	0.22

Pakistan Cotton Spot rates: As on 5-April-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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