

Domestic Fundamentals:

Market Outlook: Cotton spot markets noticed mixed tone on Tuesday.

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	1032.00	1037.50	1019.50	1026.50	1,636	52	6958	-539
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	160.5	-	-
May-17	-	-	-

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

*Updated at 5:20 pm as on 11 –Apr 2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-17	+200.00	20830.00	21000.00	20830.00	20770.00	1,506	358	6584	-435
May-17	+200.00	21130.00	21200.00	21090.00	20960.00	1,051	291	4966	173

Spread	April-17	May-17	June-17	April-17	--	--
Spot	---			-	-	-
Apr-17		-190		-	-	-

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

* Updated at 5:20 pm as on 11 –Apr 2017

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	11-Apr-17	10-Apr-17	
Gujarat	Ahmedabad	Shankar-6	5900	5850	50
	Gondal	Shankar-6	5855	5915	-60
	Rajkot	B.T. Cotton	Closed	5855	-
	Patan	B.T. Cotton	Closed	5875	-
	Kadi	B.T. Cotton	5850	5850	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5760	5805	-45
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	6000	6000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5980	5850	130
	Fatehabad	B.T. Cotton	5980	5860	120
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	5920	6050	-130
	Rawatsar	B.T. Cotton	NA	5821	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5800	5825	-25
Maharashtra	Amravati	Mech-1	Closed	5600	-
	Jamner	Medium Staple	5662	5642	20
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	6119	6159	-40
	Hubli	D.C.H.	NA	4009	-
	Hubli	B.T. Cotton	NA	NR	-
	Raichur	H-44 Cotton	NA	NR	-
Commodity	Lint		Prices (Rs./Maund)		Change

State	Centre	Variety	11-Apr-17	10-Apr-17	
Punjab	Bhatinda	J-34	4760	4710	50
	Abohar	J-34	4750	4710	40
	Mansa	J-34	4740	4700	40
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4660	4620	40
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	11-Apr-17	10-Apr-17	
Gujarat	Ahmedabad	Shankar-6	30600	30600	Unch
	Gondal	Shankar-6	2805	NA	-
	Rajkot	B.T. Cotton	Closed	4100	-
	Patan	B.T. Cotton	Closed	4730	-
	Kadi	B.T. Cotton	15000	20000	-5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	259	453	-194
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	400	600	-200
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	340	340	Unch
	Fatehabad	B.T. Cotton	200	350	-150
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	560	377	183
	Rawatsar	B.T. Cotton	NA	40	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	2520	1720	800
Maharashtra	Amravati	Mech-1	Closed	700	-
	Jamner	Medium Staple	323	321	2
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	4655	-
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	2990	4945	-1955
	Hubli	D.C.H.	NA	2	-
	Hubli	B.T. Cotton	NA	NR	-
	Raichur	H-44 Cotton	NA	NR	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	11-Apr-17	10-Apr-17	
Punjab	Bhatinda	J-34	34	51	-17
	Abohar	J-34	255	255	Unch
	Mansa	J-34	340	340	Unch
Haryana	Sirsa	J-34	340	850	-510
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				10-Apr-17	8-Apr-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	34100	34100	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	35100	35100	Unch
J-34(202)	26mm	3.5 - 4.9	23	43500	43500	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41500	41500	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	43000	42800	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	45200	45200	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	46200	46200	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
		11-Apr-17	10-Apr-17	
Rajkot	Rs. /10 Kg.	655	655	Unch
New Delhi	Rs. /10 Kg.	630	630	Unch
Hyderabad	Rs. /10 Kg.	Closed	610	-
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
		11-Apr-17	10-Apr-17	
Mahesana (Kadi)	Rs./Qtl	2183	2184	-1
Akola	Rs./Qtl	2149	2141	8

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 11-April-2017

Index	RMB/Ton	Change
CCIndex(328)	15850	-3
CCIndex(527)	14836	-1
CCIndex(229)	16243	-3
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 11-April-2017

Index	Cents/lb	Change
FC Index (S)	89.12	1.14
FC Index (M)	86.84	1.25
FC Index (L)	84.73	1.25

Cotlook Index: As on 10-April-2017

Cotlook Indices	Cents/Pound	Change
A-Index	84.60	-0.95

USDA Cotton Spot Rates: As on 10-April-2017

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	74.15	75.40	NIL
North Delta	72.65	73.90	NIL
South Delta	72.65	73.90	NIL
East TX-OK	74.50	75.75	476
West Texas	74.50	76.00	347
Desert SW	69.65	73.65	NIL
SJ Valley	70.65	79.55	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.): Ason10-April-2017

Contract	Open	High	Low	Close	Change
May-17	73.5	75.29	73.35	75.15	1.69
Jul-17	75.5	76.96	75.35	76.81	1.34
Oct-17	73.95	73.95	73.71	73.71	0.94
Dec-17	72.29	73.3	72.29	73.24	0.95
Mar-18	72.64	73.5	72.48	73.46	0.97
May-18	73.01	73.75	73.01	73.75	0.97

Pakistan Cotton Spot rates: As on10-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

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.