

Domestic Fundamentals:

Market Outlook: Cotton spot markets mostly traded weak 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	+4.50	995.00	998.50	992.50	989.50	1,277	-558	3791	-2479
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	179.5	-	-
May-17	-	-	-

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

*Updated at 5:00 pm as on 18 –Apr 2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-17	+50.00	20800.00	20850.00	20690.00	20660.00	1,337	249	4888	-1384
May-17	+70.00	21010.00	21060.00	20910.00	20870.00	1,121	160	5762	649

Spread	April-17	May-17	June-17	April-17	--	--
Spot	---			-	-	-
Apr-17		-210		-	-	-

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

* Updated at 5:00 pm as on 18 –Apr 2017

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	18-Apr-17	17-Apr-17	
Gujarat	Ahmedabad	Shankar-6	5750	5750	Unch
	Gondal	Shankar-6	6130	5805	325
	Rajkot	B.T. Cotton	5845	5805	40
	Patan	B.T. Cotton	5855	5865	-10
	Kadi	B.T. Cotton	5750	5750	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5610	5610	Unch
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5750	5700	50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	5950	5965	-15
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	5875	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5830	5850	-20
Maharashtra	Amravati	Mech-1	5500	5500	Unch
	Jamner	Medium Staple	5692	5681	11
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5250	5310	-60
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	NA	6119	-
	Hubli	D.C.H.	NA	5909	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5450	5900	-450
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	18-Apr-17	17-Apr-17	
Punjab	Bhatinda	J-34	4740	4750	-10
	Abohar	J-34	4740	4750	-10

	Mansa	J-34	4700	4730	-30
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4630	4650	-20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	18-Apr-17	17-Apr-17	
Gujarat	Ahmedabad	Shankar-6	25500	25500	Unch
	Gondal	Shankar-6	1322	NA	-
	Rajkot	B.T. Cotton	2600	4100	-1500
	Patan	B.T. Cotton	5740	6080	-340
	Kadi	B.T. Cotton	12500	15000	-2500
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	240	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	NA	200	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	NA	15	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	50	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	1350	1500	-150
Maharashtra	Amravati	Mech-1	300	500	-200
	Jamner	Medium Staple	325	321	4
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	2475	4680	-2205
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	3899	-
	Hubli	D.C.H.	NA	8	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	442	570	-128
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	18-Apr-17	17-Apr-17	
Punjab	Bhatinda	J-34	680	850	-170
	Abohar	J-34	170	213	-43
	Mansa	J-34	85	170	-85
Haryana	Sirsa	J-34	340	340	Unch
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
				17-Apr-17	15-Apr-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	33700	34300	-600
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	34700	35300	-600
J-34(202)	26mm	3.5 - 4.9	23	43500	43800	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41100	41400	-300
Shankar-6(105)	29mm	3.5 - 4.9	28	42700	42900	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44500	44500	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	46000	46000	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
		18-Apr-17	17-Apr-17	
Rajkot	Rs. /10 Kg.	625	640	-15
New Delhi	Rs. /10 Kg.	610	620	-10
Hyderabad	Rs. /10 Kg.	600	610	-10
Mumbai	Rs. /10 Kg.	630	630	Unch

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

Centre	Unit	Price		Change
		18-Apr-17	17-Apr-17	
Mahesana (Kadi)	Rs./Qtl	2087	2095	-8
Akola	Rs./Qtl	2064	2087	-23

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 18-April-2017</u>		
Index	RMB/Ton	Change
CCIndex(328)	15849	Unch
CCIndex(527)	14822	-1
CCIndex(229)	16236	Unch
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 18-April-2017</u>		
Index	Cents/lb	Change
FC Index (S)	90.76	1.54
FC Index (M)	88.56	1.57
FC Index (L)	86.71	1.79

<u>Cotlook Index: As on 13-April-2017</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	85.75	-0.15

<u>USDA Cotton Spot Rates: As on 17-April-2017</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	77.42	78.67	NIL
North Delta	75.67	76.92	NIL
South Delta	75.67	76.92	NIL
East TX-OK	75.25	76.50	1021
West Texas	75.25	76.75	1310
Desert SW	72.67	76.67	NIL
SJ Valley	73.67	82.57	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.): Ason17-April-2017

Contract	Open	High	Low	Close	Change
May-17	75.18	77.19	75.18	77.03	1.41
Jul-17	76.61	78.32	76.54	78.17	1.63
Oct-17	73.98	73.98	72.43	73.5	-0.41
Dec-17	73.44	74.33	73.44	74.24	0.82
Mar-18	73.63	74.25	73.63	74.15	0.57
May-18	73.89	74.31	73.84	74.24	0.39

Pakistan Cotton Spot rates: As on17-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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