

**Domestic Fundamentals:**

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

**In The News:** Cotton production this season has been 34 million bales compared to 33 million bales previous year. Though acreage was less, production increased amid higher productivity. In the coming season 2017 - 18, cotton acreage is expected to increase amid better price realizations and normal monsoon. Exact percentage increase will be clear by the amount of rainfall during south –west monsoon. In Telangana and Andhra Pradesh, farmers are likely to shift towards cotton amid decline in price of pulses and chillies. Farmers in other cotton growing states of Gujarat, Maharashtra, Haryana and Rajasthan are also likely to shift from foodgrains to cotton according to initial reports. According to industry sources, around 10-15 per cent increase in cotton acreage is expected this season.

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.

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.

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 | 997  | 998  | 988 | 999.5 | 281    | -      | 1702 | -      |
| Con_2    | -     | -    | -    | -   | -     | -      | -      | -    | -      |

| Spread | April-17 |   |   |
|--------|----------|---|---|
| Spot   | 178      | - | - |
| May-17 | -        | - | - |

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

\*Updated at 6:30 pm as on 25-Apr 2017

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

| Contract | +/-    | Open     | High     | Low      | Close    | Volume | Change | OI   | Change |
|----------|--------|----------|----------|----------|----------|--------|--------|------|--------|
| Apr-17   | -50.00 | 20830.00 | 20860.00 | 20680.00 | 20880.00 | 1,718  | 371    | 725  | -1124  |
| May-17   | -30.00 | 21050.00 | 21090.00 | 20910.00 | 21090.00 | 3,011  | 1,286  | 7214 | 455    |

| Spread | April-17 | May-17 | June-17 | April-17 | -- | -- |
|--------|----------|--------|---------|----------|----|----|
| Spot   | ---      |        |         | -        | -  | -  |
| Apr-17 |          | -230   |         | -        | -  | -  |

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

\* Updated at 6:30 pm as on 25 –Apr 2017

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

| Commodity      | Kapas         |               | Prices (Rs./Quintal) |           | Change |
|----------------|---------------|---------------|----------------------|-----------|--------|
| State          | Centre        | Variety       | 25-Apr-17            | 24-Apr-17 |        |
| Gujarat        | Ahmedabad     | Shankar-6     | 5700                 | 5750      | -50    |
|                | Gondal        | Shankar-6     | 5780                 | 5810      | -30    |
|                | Rajkot        | B.T. Cotton   | 5745                 | 5825      | -80    |
|                | Patan         | B.T. Cotton   | 5725                 | 5815      | -90    |
|                | Kadi          | B.T. Cotton   | 5700                 | 5750      | -50    |
|                | Deesa         | B.T. Cotton   | NA                   | NA        | -      |
|                | Dhrol         | B.T. Cotton   | 5615                 | 5640      | -25    |
| Punjab         | Fazilika      | B.T. Cotton   | NR                   | NR        | -      |
|                | Muktsar       | B.T. Cotton   | NR                   | NR        | -      |
| Haryana        | Bhiwani       | B.T. Cotton   | 6000                 | 6050      | -50    |
|                | Bhiwani       | Desi          | NA                   | NA        | -      |
|                | Adampur       | B.T. Cotton   | NA                   | NA        | -      |
|                | Fatehabad     | B.T. Cotton   | 5970                 | 5970      | Unch   |
|                | Jind          | B.T. Cotton   | NA                   | NA        | -      |
|                | Uchana        | B.T. Cotton   | NA                   | NA        | -      |
|                | Dabwali       | B.T. Cotton   | NA                   | NA        | -      |
| Rajasthan      | Hanumangarh   | B.T. Cotton   | NA                   | 5830      | -      |
|                | Rawatsar      | B.T. Cotton   | NA                   | NA        | -      |
| Madhya Pradesh | Khandwa       | Mech-1        | 4650                 | NA        | -      |
|                | Khargaon      | Mech-1        | 5715                 | NA        | -      |
| Maharashtra    | Amravati      | Mech-1        | 5600                 | 5600      | Unch   |
|                | Jamner        | Medium Staple | 5560                 | 5576      | -16    |
| Uttar Pradesh  | Hathras       | B.T. Cotton   | NA                   | NA        | -      |
|                | Hathras       | Desi          | NA                   | NA        | -      |
| Telangana      | Adilabad      | Un-Ginned     | 5250                 | 5355      | -105   |
| Andhra Pradesh | Guntur        | Un-Ginned     | NA                   | NA        | -      |
|                | Kurnool       | Un-Ginned     | 5730                 | NA        | -      |
|                | Krishna       | Un-Ginned     | NA                   | NA        | -      |
|                | East Godavari | Un-Ginned     | 4160                 | 4160      | Unch   |
| Karnataka      | Bijapur       | Bunny         | 5981                 | 5929      | 52     |
|                | Hubli         | D.C.H.        | NA                   | NA        | -      |
|                | Hubli         | B.T. Cotton   | NA                   | NA        | -      |
|                | Raichur       | H-44 Cotton   | NA                   | 5900      | -      |
| Commodity      | Lint          |               | Prices (Rs./Maund)   |           | Change |
| State          | Centre        | Variety       | 25-Apr-17            | 24-Apr-17 |        |
| Punjab         | Bhatinda      | J-34          | 4750                 | 4790      | -40    |

|           |                |      |      |      |     |
|-----------|----------------|------|------|------|-----|
|           | Abohar         | J-34 | 4750 | 4780 | -30 |
|           | Mansa          | J-34 | NA   | NA   | -   |
|           | Muktsar        | J-34 | NR   | NR   | -   |
|           | Fazilika       | J-34 | NR   | NR   | -   |
| Haryana   | Sirsa          | J-34 | 4670 | 4700 | -30 |
| Rajasthan | Sri-Ganganagar | J-34 | NA   | NA   | -   |

**Cotton Arrivals in Key Centers:**

| Commodity      | Kapas         |               | Arrivals (Quintal) |           | Change |
|----------------|---------------|---------------|--------------------|-----------|--------|
| State          | Centre        | Variety       | 25-Apr-17          | 24-Apr-17 |        |
| Gujarat        | Ahmedabad     | Shankar-6     | 25500              | 25500     | Unch   |
|                | Gondal        | Shankar-6     | 1326               | 645       | 681    |
|                | Rajkot        | B.T. Cotton   | 2950               | 2850      | 100    |
|                | Patan         | B.T. Cotton   | 3940               | 4615      | -675   |
|                | Kadi          | B.T. Cotton   | 15000              | 20000     | -5000  |
|                | Deesa         | B.T. Cotton   | NA                 | NA        | -      |
|                | Dhrol         | B.T. Cotton   | 112                | 127       | -15    |
| Punjab         | Fazilika      | B.T. Cotton   | NR                 | NR        | -      |
|                | Muktsar       | B.T. Cotton   | NR                 | NR        | -      |
| Haryana        | Bhiwani       | B.T. Cotton   | NA                 | NA        | -      |
|                | Bhiwani       | Desi          | NA                 | NA        | -      |
|                | Adampur       | B.T. Cotton   | NA                 | NA        | -      |
|                | Fatehabad     | B.T. Cotton   | NA                 | 20        | -      |
|                | Jind          | B.T. Cotton   | NA                 | NA        | -      |
|                | Uchana        | B.T. Cotton   | NA                 | NA        | -      |
|                | Dabwali       | B.T. Cotton   | NA                 | NA        | -      |
| Rajasthan      | Hanumangarh   | B.T. Cotton   | NA                 | 65        | -      |
|                | Rawatsar      | B.T. Cotton   | NA                 | NA        | -      |
| Madhya Pradesh | Khandwa       | Mech-1        | 62                 | NA        | -      |
|                | Khargaon      | Mech-1        | 1150               | NA        | -      |
| Maharashtra    | Amravati      | Mech-1        | 140                | 50        | 90     |
|                | Jamner        | Medium Staple | 314                | 322       | -8     |
| Uttar Pradesh  | Hathras       | B.T. Cotton   | NA                 | NA        | -      |
|                | Hathras       | Desi          | NA                 | NA        | -      |
| Telangana      | Adilabad      | Un-Ginned     | 1044               | NA        | -      |
| Andhra Pradesh | Guntur        | Un-Ginned     | NA                 | NA        | -      |
|                | Kurnool       | Un-Ginned     | 61                 | NA        | -      |
|                | Krishna       | Un-Ginned     | NA                 | NA        | -      |
|                | East Godavari | Un-Ginned     | NA                 | NA        | -      |
| Karnataka      | Bijapur       | Bunny         | 2048               | 3335      | -1287  |
|                | Hubli         | D.C.H.        | NA                 | NA        | -      |

|           | Hubli          | B.T. Cotton | NA                 | NA        | -      |
|-----------|----------------|-------------|--------------------|-----------|--------|
|           | Raichur        | H-44 Cotton | NA                 | 517       | -      |
| Commodity | Lint           |             | Arrivals (Quintal) |           | Change |
| State     | Centre         | Variety     | 25-Apr-17          | 24-Apr-17 |        |
| Punjab    | Bhatinda       | J-34        | 680                | 680       | Unch   |
|           | Abohar         | J-34        | 170                | 85        | 85     |
|           | Mansa          | J-34        | NA                 | NA        | -      |
| Haryana   | Sirsa          | J-34        | 170                | 85        | 85     |
| Rajasthan | Sri-Ganganagar | J-34        | NA                 | NA        | -      |

**Cotton Association of India Spot Rates:**

| Trade Name                            | Staple     | Micronaire | Strength/<br>GPT | Rs. Per Candy | Rs. Per Candy | Change |
|---------------------------------------|------------|------------|------------------|---------------|---------------|--------|
|                                       |            |            |                  | 24-Apr-17     | 22-Apr-17     |        |
| Bengal Deshi (RG)/Assam Comilla (101) | Below 22mm | 5.0 - 7.0  | 15               | 34100         | 34000         | 100    |
| Bengal Deshi (SG)(201)                | Below 22mm | 5.0 - 7.0  | 15               | 35100         | 35000         | 100    |
| J-34(202)                             | 26mm       | 3.5 - 4.9  | 23               | 44100         | 44200         | -100   |
| H-4/ MECH-1(105)                      | 28mm       | 3.5 - 4.9  | 27               | 41100         | 41200         | -100   |
| Shankar-6(105)                        | 29mm       | 3.5 - 4.9  | 28               | 42700         | 42900         | -200   |
| Bunny/ Brahma(105)                    | 31mm       | 3.5 - 4.9  | 30               | 44200         | 44400         | -200   |
| MCU-5/ Surabhi(106)                   | 32mm       | 3.3 - 4.9  | 31               | 46000         | 45800         | 200    |
| DCH-32(107)                           | 34mm       | 3.0 - 3.8  | 33               | 57500         | 57500         | Unch   |

**Cotton Seed Oil Prices**
**Refined Cotton Seed Oil at Key Centers:**

| Centre    | Unit        | Price     |           | Change |
|-----------|-------------|-----------|-----------|--------|
|           |             | 25-Apr-17 | 24-Apr-17 |        |
| Rajkot    | Rs. /10 Kg. | 627       | 630       | -3     |
| New Delhi | Rs. /10 Kg. | 600       | 600       | Unch   |
| Hyderabad | Rs. /10 Kg. | 600       | 600       | Unch   |
| Mumbai    | Rs. /10 Kg. | 625       | 630       | -5     |

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

| Centre          | Unit    | Price     |           | Change |
|-----------------|---------|-----------|-----------|--------|
|                 |         | 25-Apr-17 | 24-Apr-17 |        |
| Mahesana (Kadi) | Rs./Qtl | 2058      | 2078      | -20    |
| Akola           | Rs./Qtl | 2019      | 2039      | -20    |

**INTERNATIONAL PRICES AND INDICES**

| <b>China Cotton Index: As on 25-April-2017</b> |                |               |
|--|----------------|---------------|
| <b>Index</b>                                   | <b>RMB/Ton</b> | <b>Change</b> |
| CCIndex(328)                                   | 15922          | <b>9</b>      |
| CCIndex(527)                                   | 14855          | <b>15</b>     |
| CCIndex(229)                                   | 16284          | <b>5</b>      |
| RMB -Renminbi, 1RMB =0.16 \$U.S.               |                |               |

| <b>China Foreign Cotton (FCE) Index : As on 25-April-2017</b> |                 |               |
|---|-----------------|---------------|
| <b>Index</b>  | <b>Cents/lb</b> | <b>Change</b> |
| FC Index (S)  | 91.85           | <b>-0.49</b>  |
| FC Index (M)  | 89.49           | <b>-0.48</b>  |
| FC Index (L)  | 88.17           | <b>-0.66</b>  |

| <b>Cotlook Index: As on 24-April-2017</b> |                    |               |
|---|--------------------|---------------|
| <b>Cotlook Indices</b>                    | <b>Cents/Pound</b> | <b>Change</b> |
| A-Index                                   | 88.75              | <b>0.20</b>   |

| <b>USDA Cotton Spot Rates: As on 24-April-2017</b> |                            |                            |                 |
|--|----------------------------|----------------------------|-----------------|
| <b>Growth Area</b>                                 | <b>Leaf 4 to Staple 34</b> | <b>Leaf 3 to Staple 35</b> | <b>Arrivals</b> |
|  | <b>cents/lb.</b>           |                            | <b>Bales</b>    |
| <b>Southeast</b>                                   | 78.04                      | 79.29                      | <b>NIL</b>      |
| <b>North Delta</b>                                 | 77.29                      | 78.54                      | <b>NIL</b>      |
| <b>South Delta</b>                                 | 77.29                      | 78.54                      | <b>NIL</b>      |
| <b>East TX-OK</b>                                  | 76.00                      | 77.50                      | <b>17</b>       |
| <b>West Texas</b>                                  | 76.00                      | 77.50                      | <b>12</b>       |
| <b>Desert SW</b>                                   | 73.29                      | 77.29                      | <b>NIL</b>      |
| <b>SJ Valley</b>                                   | 74.29                      | 83.19                      | <b>NIL</b>      |

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 24-April-2017**

| Contract | Open  | High  | Low   | Close | Change |
|----------|-------|-------|-------|-------|--------|
| May-17   | 79.50 | 80.09 | 79.18 | 80.09 | 1.10   |
| Jul-17   | 79.50 | 79.63 | 77.78 | 78.79 | -0.54  |
| Oct-17   | 74.94 | 75.20 | 74.91 | 75.20 | 0.50   |
| Dec-17   | 74.93 | 75.00 | 74.32 | 74.95 | -0.01  |
| Mar-18   | 74.62 | 74.75 | 74.16 | 74.73 | 0.07   |
| May-18   | 74.55 | 74.65 | 74.17 | 74.65 | 0.12   |

**Pakistan Cotton Spot rates: As on 24-April-2017**

(in Pakistan Rupees)

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

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