

## Domestic Fundamentals:

**Market Outlook:** Cotton spot markets noticed mixed tone on Wednesday.

**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	1.50	995	1000	995	996	381	100	1039	-663
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	139	-	-
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 26-Apr 2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-17	-20.00	20900.00	20910.00	20760.00	20830.00	-1047	371	418	-307
May-17	10.00	21130.00	21150.00	21020.00	21070.00	-1527	1,286	7474	261

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 26 -Apr 2017

### DOMESTIC PRICES AND ARRIVALS

#### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	26-Apr-17	25-Apr-17	
Gujarat	Ahmedabad	Shankar-6	5700	5700	Unch
	Gondal	Shankar-6	5730	5780	-50
	Rajkot	B.T. Cotton	5740	5745	-5
	Patan	B.T. Cotton	5780	5725	55
	Kadi	B.T. Cotton	5750	5700	50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5600	5615	-15
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	NA	NA	-
	Fatehabad	B.T. Cotton	NA	5970	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	5960	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	4650	4650	Unch
	Khargaon	Mech-1	5690	5715	-25
Maharashtra	Amravati	Mech-1	5600	5600	Unch
	Jamner	Medium Staple	5563	5560	3
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5250	5250	Unch
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	5730	5730	Unch
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4160	4160	Unch
Karnataka	Bijapur	Bunny	NA	5981	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	NA	5850	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	26-Apr-17	25-Apr-17	
Punjab	Bhatinda	J-34	4755	4750	5
	Abohar	J-34	4750	4750	Unch
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4670	4670	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	26-Apr-17	25-Apr-17	
Gujarat	Ahmedabad	Shankar-6	25500	25500	Unch
	Gondal	Shankar-6	1467	1326	141
	Rajkot	B.T. Cotton	2200	2950	-750
	Patan	B.T. Cotton	3385	3940	-555
	Kadi	B.T. Cotton	15000	15000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	82	112	-30
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	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	120	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	62	-
	Khargaon	Mech-1	1050	1150	-100
Maharashtra	Amravati	Mech-1	50	140	-90
	Jamner	Medium Staple	320	314	6
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	1044	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	61	61	Unch

Karnataka	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
	Bijapur	Bunny	NA	2048	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	340	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	26-Apr-17	25-Apr-17	
Punjab	Bhatinda	J-34	680	680	Unch
	Abohar	J-34	170	170	Unch
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	255	170	85
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
				25-Apr-17	24-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	43900	44100	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40900	41100	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	42500	42700	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44000	44200	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	46000	46000	Unch
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
		26-Apr-17	25-Apr-17	
Rajkot	Rs. /10 Kg.	630	627	3
New Delhi	Rs. /10 Kg.	600	600	Unch
Hyderabad	Rs. /10 Kg.	600	600	Unch
Mumbai	Rs. /10 Kg.	625	625	Unch

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

Centre	Unit	Price		Change
		26-Apr-17	25-Apr-17	

Mahesana (Kadi)	Rs./Qtl	2038	2058	<b>-20</b>
Akola	Rs./Qtl	2018	2019	<b>-1</b>

### INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 26-April-2017</u>			
Index		RMB/Ton	Change
CCIndex(328)		15920	<b>-2</b>
CCIndex(527)		14860	<b>5</b>
CCIndex(229)		16293	<b>9</b>
RMB -Renminbi, 1RMB =0.16 \$U.S.			

<u>China Foreign Cotton (FCE) Index : As on 26-April-2017</u>			
Index		Cents/lb	Change
FC Index (S)		92.25	<b>0.40</b>
FC Index (M)		89.81	<b>0.32</b>
FC Index (L)		88.67	<b>0.50</b>

<u>Cotlook Index: As on 25-April-2017</u>			
Cotlook Indices		Cents/Pound	Change
A-Index		88.30	<b>-0.45</b>

<u>USDA Cotton Spot Rates: As on 25-April-2017</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
<b>Southeast</b>	78.61	79.86	<b>NIL</b>
<b>North Delta</b>	77.86	79.11	<b>NIL</b>
<b>South Delta</b>	77.86	79.11	<b>NIL</b>
<b>East TX-OK</b>	76.00	77.50	<b>359</b>
<b>West Texas</b>	76.00	77.50	<b>29</b>
<b>Desert SW</b>	73.86	77.86	<b>NIL</b>
<b>SJ Valley</b>	74.86	83.76	<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

<u>ICE Cotton Futures (Prices in cents/lb.): As on 25-April-2017</u>					
Contract	Open	High	Low	Close	Change
May-17	79.94	80.71	79.00	80.71	0.62
Jul-17	78.83	79.41	77.97	79.36	0.57
Oct-17	75.35	76.15	75.30	76.10	0.90
Dec-17	74.90	75.06	74.45	75.00	0.05
Mar-18	74.52	74.72	74.24	74.68	-0.05
May-18	74.43	74.58	74.35	74.58	-0.07

<u>Pakistan Cotton Spot rates: As on 26-April-2017</u>				(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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