

Domestic Fundamentals:

Market Outlook: Cotton spot markets mostly noticed weak tone on Tuesday.

In The News: As per the latest report published by International Cotton Advisory Committee (ICAC), India's acreage area under cotton cultivation is expected to increase by 7% to 11.3 million hectares in 2017-18. While cotton production is projected to be around somewhat six million tonnes during the same duration. A higher cotton price and improved yield in 2016-17 has been the main contributing factors for the surge in acreage area under cotton cultivation in 2017-18.

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.

International Fundamentals:

According to the latest report published by International Cotton Advisory Committee (ICAC), world's cotton area is likely to increase by 5% to 30.8 million hectares in 2017-18. A higher cotton price in China and a stable cotton policy there, the area under cotton cultivation is expected to increase by 3% to 2.9 million hectares while cotton production is expected to increase by 1% to 4.8 million tonnes in 2017-18. While, U.S is expected to increase its cotton acreage area by 12% this year to 4.3 million hectares and its production is expected to lie somewhat around at 4 million tonnes.

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	-5.5	996.5	997	990	995	139	-58	605	-201
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 6:15 pm as on 28-Apr 2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-17	-80.00	20780.00	20780.00	20620.00	20720.00	1069	-552	7489	- 64

Spread	April-17	May-17	June-17	April-17	--	--
Spot	---			-	-	-
Apr-17		-240		-	-	-

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

* Updated at 5:15 pm as on 02 –May 2017

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	2-May-17	1-May-17	
Gujarat	Ahmedabad	Shankar-6	5500	5550	-50
	Gondal	Shankar-6	5555	5580	-25
	Rajkot	B.T. Cotton	5600	5660	-60
	Patan	B.T. Cotton	5705	5680	25
	Kadi	B.T. Cotton	5600	5550	50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5285	5380	-95
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	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	5910	5910	Unch
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	4300	4500	-200
	Khargaon	Mech-1	5510	5620	-110
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	5300	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	5250	-
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	5915	NA	-
	Hubli	D.C.H.	5309	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	2-May-17	1-May-17	

Punjab	Bhatinda	J-34	4720	4730	-10
	Abohar	J-34	4720	4730	-10
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4630	4640	-10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	2-May-17	1-May-17	
Gujarat	Ahmedabad	Shankar-6	25500	17000	8500
	Gondal	Shankar-6	1104	834	270
	Rajkot	B.T. Cotton	2000	2000	Unch
	Patan	B.T. Cotton	3329	3550	-221
	Kadi	B.T. Cotton	12500	15000	-2500
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	101	995	-894
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	45	75
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	185	160	25
	Khargaon	Mech-1	570	550	20
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	319	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	753	-
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	3335	NA	-

	Hubli	D.C.H.	2	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	2-May-17	1-May-17	
Punjab	Bhatinda	J-34	340	510	-170
	Abohar	J-34	510	170	340
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	85	85	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
				1-May-17	29-Apr-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	Closed	34300	-
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	Closed	35300	-
J-34(202)	26mm	3.5 - 4.9	23	Closed	43700	-
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	Closed	40600	-
Shankar-6(105)	29mm	3.5 - 4.9	28	Closed	42100	-
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	Closed	43700	-
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	Closed	46000	-
DCH-32(107)	34mm	3.0 - 3.8	33	Closed	57500	-

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

Centre	Unit	Price		Change
		2-May-17	1-May-17	
Rajkot	Rs. /10 Kg.	620	620	Unch
New Delhi	Rs. /10 Kg.	600	600	Unch
Hyderabad	Rs. /10 Kg.	600	Closed	-
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
		2-May-17	1-May-17	
Mahesana (Kadi)	Rs./Qtl	2000	Closed	-
Akola	Rs./Qtl	1989	Closed	-

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 2-May-2017</u>		
Index	RMB/Ton	Change
CCIndex(328)	15965	16
CCIndex(527)	14902	6
CCIndex(229)	16350	25
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 2-May-2017</u>		
Index	Cents/lb	Change
FC Index (S)	90.04	-0.92
FC Index (M)	87.55	-1.00
FC Index (L)	85.69	-1.48

<u>Cotlook Index: As on 1-May-2017</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	Closed	Closed

<u>USDA Cotton Spot Rates: As on 1-May-2017</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	78.20	79.45	NIL
North Delta	77.45	78.70	NIL
South Delta	77.45	78.70	NIL
East TX-OK	74.50	76.00	NIL
West Texas	74.50	76.00	NIL
Desert SW	73.45	77.45	NIL
SJ Valley	74.45	83.35	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

<u>ICE Cotton Futures (Prices in cents/lb.): As on 1-May-2017</u>					
Contract	Open	High	Low	Close	Change
May-17	80.45	80.45	80.45	80.45	0.22
Jul-17	78.82	79.20	78.51	78.95	0.08
Oct-17	76.03	76.19	76.03	76.19	0.20
Dec-17	74.55	74.84	74.36	74.80	0.18
Mar-18	73.99	74.44	73.98	74.44	0.24
May-18	74.18	74.42	73.98	74.42	0.24

<u>Pakistan Cotton Spot rates: As on 1-May-2017</u>				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	Closed	Closed	Closed
Equivalent	40 Kgs	Closed	Closed	Closed

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