

Domestic Fundamentals:

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

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.

On the other hand, India's cotton mill use is projected to increase by 2% to 5.2 million tonnes 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.

On the other hand, as per the same report issued by ICAC; world cotton use is expected to increase by 2% to 24.6 million tonnes in 2017-18. Cotton use in China, which is amongst the largest consumer, is projected to increase by 1% to 7.7 million tonnes in 2017-18. Due to the various government initiative introduced to promote cotton export by Pakistan, the cotton use in the country is also expected to increase by 1% to 2.3 million tonnes in 2017-18. Mill use in Bangladesh is also projected to rise by 5% to 1.5 million tonnes in 2017-18.

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	-	-	-	-	-	-	-	-	-
Con_2	-	-	-	-	-	-	-	-	-

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

(NB: Kapas future contract expired)

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-17	-180.00	20560.00	20650.00	20480.00	20710.00	1,350	-86	6585	-250
Jun-17	-150.00	20720.00	20870.00	20680.00	20890.00	663	-119	2536	284

Spread	May-17	June-17	Jul-17	-	--	--
Spot	---			-	-	-
May-17		-180		-	-	-

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

* Updated at 5:00 pm as on 08 -May 2017

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	8-May-17	6-May-17	
Gujarat	Ahmedabad	Shankar-6	5500	5500	Unch
	Gondal	Shankar-6	5580	5555	25
	Rajkot	B.T. Cotton	5610	5665	-55
	Patan	B.T. Cotton	5580	5500	80
	Kadi	B.T. Cotton	5500	5750	-250
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	5395	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5900	5980	-80
	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	NA	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5375	5375	Unch
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	5211	5231	-20
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5200	NA	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	4160	-
Karnataka	Bijapur	Bunny	5889	5920	-31
	Hubli	D.C.H.	4851	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5550	5500	50
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	8-May-17	6-May-17	

Punjab	Bhatinda	J-34	4670	4670	Unch
	Abohar	J-34	4670	4680	-10
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4570	4600	-30
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	8-May-17	6-May-17	
Gujarat	Ahmedabad	Shankar-6	25500	25500	Unch
	Gondal	Shankar-6	567	744	-177
	Rajkot	B.T. Cotton	4000	1600	2400
	Patan	B.T. Cotton	1343	1680	-337
	Kadi	B.T. Cotton	10000	12500	-2500
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	43	-
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	NA	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	450	270	180
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	232	240	-8
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	639.1	NA	-
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	2355	1543	812

	Hubli	D.C.H.	2	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	330	255	75
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	8-May-17	6-May-17	
Punjab	Bhatinda	J-34	340	425	-85
	Abohar	J-34	85	170	-85
	Mansa	J-34	NA	NA	-
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
				6-May-17	5-May-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	34500	34600	-100
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	35500	35600	-100
J-34(202)	26mm	3.5 - 4.9	23	43300	43800	-500
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40100	40300	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	41600	41800	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43700	43700	Unch
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
		8-May-17	6-May-17	
Rajkot	Rs. /10 Kg.	630	620	10
New Delhi	Rs. /10 Kg.	605	600	5
Hyderabad	Rs. /10 Kg.	595	595	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
		8-May-17	6-May-17	
Mahesana (Kadi)	Rs./Qtl	2005	1992	13
Akola	Rs./Qtl	1979	1962	17

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 8-May-2017</u>		
Index	RMB/Ton	Change
CCIndex(328)	16031	Unch
CCIndex(527)	14957	-9
CCIndex(229)	16388	Unch
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 8-May-2017</u>		
Index	Cents/lb	Change
FC Index (S)	89.62	-0.78
FC Index (M)	87.02	-0.79
FC Index (L)	84.94	-1.04

<u>Cotlook Index: As on 5-May-2017</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	88.80	0.20

<u>USDA Cotton Spot Rates: As on 5-May-2017</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	77.02	78.27	NIL
North Delta	76.27	77.52	NIL
South Delta	76.27	77.52	NIL
East TX-OK	73.00	74.50	478
West Texas	73.00	74.50	NIL
Desert SW	72.27	76.27	NIL
SJ Valley	73.27	82.17	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.): Ason 5-May-2017

Contract	Open	High	Low	Close	Change
May-17	80.64	80.64	79.76	79.76	-1.07
Jul-17	79.02	79.02	77.71	77.77	-1.14
Oct-17	75.66	75.66	75.66	75.66	-0.62
Dec-17	74.78	74.85	74.09	74.12	-0.63
Mar-18	74.00	74.08	73.76	73.82	-0.46
May-18	73.80	73.98	73.74	73.80	-0.46

Pakistan Cotton Spot rates: As on 6-May-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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