Domestic Fundamentals:

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

In The News: In the 2016 -17 season, Indian cotton imports have touched an all time high of 30 lakh bales compared to 20 lakh bales previous season. Imports had touched an all time high of 25 lakh bales in 2001 - 02 season. According to industry sources, farmers are expected to plant 20% more cotton in 2017 -18 season following good prices fetched during this season. The domestic and international market rates of cotton have been almost on par and most cotton mills in South India have found it feasible to import.

The govt. of India targeted a cotton crop production of 14.40 million bales in 2017-18 compared to the target of 14.1 million bales of production in 2016-17.

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 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.

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 incease 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 intiative 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 rose 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
Cont. (C1)	+1.50	988.50	992.00	983.00	988.00	1,571	-1,159	2813	-208
Con_2	-	-	-	-	-	-	-	-	-

Spread	May-17		
Spot	150	-	-
	-	-	-

(**NB**: Kapas future contract expired)
Updated at 04:50 pm as on 16 –May 2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-17	-20.00	21150.00	21260.00	21110.00	21210.00	1,434	-1,442	4265	-372
Jun-17	-20.00	21340.00	21460.00	21290.00	21410.00	1,064	-1,046	3800	491

Spread	May-17	June-17	Jul-17	-	--	--
Spot	__			-	-	-
May-17		-200		-	-	-

(**NB**: Spread Basis = Spot- Near Month Future)
* Updated at 04:50 pm as on 16 –May 2017

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	16-May-17	15-May-17	
Gujarat	Ahmedabad	Shankar-6	5500	5500	Unch
	Gondal	Shankar-6	5605	5705	-100
	Rajkot	B.T. Cotton	5690	5700	-10
	Patan	B.T. Cotton	4750	5280	-530
	Kadi	B.T. Cotton	5750	5750	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5235	5350	-115
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	#N/A	5900	-
	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	5450	5480	-30
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	5163	5140	23
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5150	5150	Unch
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	5861	5920	-59
	Hubli	D.C.H.	NA	5920	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5500	-
Commodity	**Lint**		**Prices (Rs./Maund)**		**Change**
State	**Centre**	**Variety**	**16-May-17**	**15-May-17**	

Punjab	Bhatinda	J-34	4765	4750	15
	Abohar	J-34	4760	4750	10
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4680	4650	30
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	16-May-17	15-May-17	
Gujarat	Ahmedabad	Shankar-6	25500	25500	Unch
	Gondal	Shankar-6	1040	1173	-133
	Rajkot	B.T. Cotton	1200	1720	-520
	Patan	B.T. Cotton	550	941	-391
	Kadi	B.T. Cotton	15000	25000	-10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	55	128	-73
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	3100	3200	-100
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	220	230	-10
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	209	338	-129
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	1241	1927	-686

	Hubli	D.C.H.	NA	1930	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	210	-
Commodity	**Lint**		**Arrivals (Quintal)**		**Change**
State	**Centre**	**Variety**	**16-May-17**	**15-May-17**	
Punjab	Bhatinda	J-34	170	170	Unch
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	170	170	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
				15-May-17	13-May-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	35700	34800	900
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36700	35800	900
J-34(202)	26mm	3.5 - 4.9	23	44200	43500	700
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	41000	40600	400
Shankar-6(105)	29mm	3.5 – 4.9	28	42700	42300	400
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44400	44200	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	46300	46100	200
DCH-32(107)	34mm	3.0 - 3.8	33	57000	57000	Unch

Cotton Seed Oil Prices

Refined Cotton Seed Oil at Key Centers:

Centre	Unit	Price		Change
		16-May-17	15-May-17	
Rajkot	Rs. /10 Kg.	625	625	Unch
New Delhi	Rs. /10 Kg.	605	605	Unch
Hyderabad	Rs. /10 Kg.	610	605	5
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
		16-May-17	15-May-17	
Mahesana (Kadi)	Rs./Qtl	1992	2002	-10
Akola	Rs./Qtl	1936	1952	-16

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 16-May-2017

Index	RMB/Ton	Change
CCIndex(328)	16028	29
CCIndex(527)	15001	14
CCIndex(229)	16415	24
RMB -Renminbi, 1RMB =0.16 $U.S.		

China Foreign Cotton (FCE) Index : As on 16-May-2017

Index	Cents/lb	Change
FC Index (S)	94.47	1.84
FC Index (M)	91.52	1.59
FC Index (L)	89.89	0.90

Cotlook Index: As on 15-May-2017

Cotlook Indices	Cents/Pound	Change
A-Index	91.90	3.00

USDA Cotton Spot Rates: As on 15-May-2017

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	84.57	85.82	**NIL**
North Delta	83.82	85.07	**NIL**
South Delta	83.82	85.07	**NIL**
East TX-OK	79.75	81.25	**203**
West Texas	79.75	81.25	**18**
Desert SW	79.82	83.82	**NIL**
SJ Valley	80.82	89.72	**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.): Ason15-May-2017					
Contract	**Open**	**High**	**Low**	**Close**	**Change**
Jul-17	83.03	87.18	82.52	85.32	**3.14**
Oct-17	77.53	79.92	77.09	78.77	**1.69**
Dec-17	73.36	75.15	73.36	75.06	**1.34**
Mar-18	73.22	74.26	72.68	74.14	**0.87**
May-18	73.72	74.28	72.64	74.19	**0.75**
Jul-18	74.04	74.24	74.04	74.22	**0.66**

Pakistan Cotton Spot rates: As on15-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