

Domestic Fundamentals:

Market Outlook: Cotton spot markets noticed mixed tone on Friday

In The News: The Indian Council of Agricultural Research (ICAR)- Central Institute of Cotton Research (CICR) predicted India's cotton acreage area to rise by 7-10 per cent this year (2017-18) from 105 lakh hectares of land brought under cotton cultivation last year i.e. 2016-17.

As per the latest data released by Indian govt., cotton plantation in the country rose by 32% as 8.93 lakh hectares of land has been brought under cotton cultivation till 19th May, 2017 compared to 6.75 lakh hectares of land cultivated last year during the same interval.

As per the latest report published by USDA, India is expected to produce 28 million bales of cotton in 2017-18 which is 5.7% higher than the cotton produced last year in 2016-17.

The Indian govt. is planning to increase cotton MSP (Minimum Support Price) this year from Rs 3,860/quintal (medium staple cotton) & Rs 4,160/quintal (long staple cotton) in 2016-17 to Rs 4,020/quintal (medium staple cotton) & Rs 4,320/quintal (long staple cotton) in 2017-18.

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 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.

International Fundamentals:

As per the latest report published by USDA, China is projected to produce 23.5 million bales of cotton in 2017-18 which is 3% higher than the cotton produced last year in 2016-17. While an increase in acreage area and improvement in yield could cause Pakistan to produce 8.5 million bales of cotton in 2017-18. Cotton production in Brazil and Australia too is projected to increase by 3% and 9% respectively in 2017-18.

In a bid to discourage imports and to promote domestic sowing and harvesting of cotton, the Pakistan govt. had re-imposed import duty of 4% & sales tax of 5% on import of cotton to the country that is going to get effective from 15th July, 2017.

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.

NCDEX Kapas Futures*: (Prices in Rs/20kg)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Cont. (C1)	+5.50	943.00	954.50	942.00	943.00	1,648	-862	3917	281
Con_2	-	-	-	-	-	-	-	-	-

Spread	May-17		
Spot	177	-	-
	-	-	-

Updated at 04:50 pm as on 26-May 2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
May-17	+20.00	20730.00	20870.00	20730.00	20760.00	872	-604	829	-552
Jun-17	+60.00	21090.00	21200.00	21020.00	21070.00	1,222	-136	5471	455

Spread	May-17	June-17	Jul-17	-	--	--
Spot	---			-	-	-
May-17		-310		-	-	-

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

* Updated at 04:50 pm as on 26-May 2017

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	26-May-17	25-May-17	
Gujarat	Ahmedabad	Shankar-6	5575	5575	Unch
	Gondal	Shankar-6	5400	5525	-125
	Rajkot	B.T. Cotton	5600	5600	Unch
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5500	5550	-50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5150	5010	140
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5900	5825	75
	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	NA	NA	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	5260	5174	86
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5100	5100	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	5850	5829	21
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5650	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	26-May-17	25-May-17	
Punjab	Bhatinda	J-34	4710	4700	10
	Abohar	J-34	4710	4700	10

	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4600	4600	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	26-May-17	25-May-17	
Gujarat	Ahmedabad	Shankar-6	22100	22100	Unch
	Gondal	Shankar-6	1670	1101	569
	Rajkot	B.T. Cotton	2000	2200	-200
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5000	10000	-5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	84	74	10
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	NA	NA	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	147	155	-8
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	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	735	1061	-326
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	345	NA	-
Commodity	Lint		Arrivals (Quintal)		Change

State	Centre	Variety	26-May-17	25-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
				25-May-17	24-May-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	35400	35400	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36300	36300	Unch
J-34(202)	26mm	3.5 - 4.9	23	43400	43300	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40900	40800	100
Shankar-6(105)	29mm	3.5 - 4.9	28	42700	42600	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44200	44200	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	46000	46000	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	55000	55000	Unch

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

Centre	Unit	Price		Change
		26-May-17	25-May-17	
Rajkot	Rs. /10 Kg.	640	650	-10
New Delhi	Rs. /10 Kg.	620	630	-10
Hyderabad	Rs. /10 Kg.	615	615	Unch
Mumbai	Rs. /10 Kg.	642	642	Unch

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

Centre	Unit	Price		Change
		26-May-17	25-May-17	
Mahesana (Kadi)	Rs./Qtl	1899	1926	-27
Akola	Rs./Qtl	1906	1907	-1

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 26-May-2017</u>		
Index	RMB/Ton	Change
CCIndex(328)	16078	Unch
CCIndex(527)	15058	-1
CCIndex(229)	16464	1
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 26-May-2017</u>		
Index	Cents/lb	Change
FC Index (S)	90.00	-0.29
FC Index (M)	87.29	-0.26
FC Index (L)	84.95	-0.31

<u>Cotlook Index: As on 25-May-2017</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	87.25	0.25

<u>USDA Cotton Spot Rates: As on 25-May-2017</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	76.41	77.66	NIL
North Delta	75.66	76.91	NIL
South Delta	75.66	76.91	NIL
East TX-OK	74.50	76.00	NIL
West Texas	74.50	76.00	NIL
Desert SW	71.66	75.66	NIL
SJ Valley	72.66	81.56	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 25-May-2017</u>					
Contract	Open	High	Low	Close	Change
Jul-17	77.51	78.14	77.10	77.16	-0.38
Oct-17	73.94	74.79	73.94	74.49	-0.01
Dec-17	72.76	73.47	72.61	73.22	0.14
Mar-18	72.43	73.20	72.42	72.99	0.14
May-18	73.05	73.45	72.90	73.45	0.27

Jul-18	73.28	73.81	73.14	73.81	0.43
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Pakistan Cotton Spot rates: As on 25-May-2017				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6750	135	6885
Equivalent	40 Kgs	7234	145	7379

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