

Domestic Fundamentals:

Market Outlook: Cotton spot markets noticed range –bound to weak tone on Thursday.

In The News: Cotton output for 2016 -17 has been estimated at 340.50 lakh bales for the month of April, same as that of March according to Cotton Association of India. The projected balance sheet drawn by the CAI estimated total cotton supply for the season at 410.50 lakh bales, while the domestic consumption is estimated at 300 lakh bales, which will leave an available surplus of 110.50 lakh bales.

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.

International Fundamentals:

According to the Cotton Board of Zambia, it is likely to produce 117,000 tonnes of cotton this year compared to 116,000 tonnes in the previous year. Though the number of farmers cultivating cotton declined by over 20,000 from 277,560, production increased amid favourable weather in the growing regions.

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.

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)	-2.00	927	936	923.5	925.50	3012	-585	5744	513
Con_2	-	-	-	-	-	-	-	-	-
Spread	Cont (C1)								
Spot	+186.50								

Updated at 5:16 pm as on 01-June 2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jun-17	100.00	20990	21190	20980	21100	1032	-307	5547	-97
Jul-17	80.00	21240	21430	21240	21320	288	-123	2545	6
Spread	June-17	July-17			-	-	--	--	--
Spot						-	-	-	-
Jun-17					-220	-	-	-	-

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

* Updated at 5:16 pm as on 01-June 2017

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	1-Jun-17	31-May-17	
Gujarat	Ahmedabad	Shankar-6	5575	5575	Unch
	Gondal	Shankar-6	5355	5430	-75
	Rajkot	B.T. Cotton	5560	5575	-15
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5450	5450	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4955	5115	-160
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5950	5900	50
	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	5271	-11
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	5889	5859	30
	Hubli	D.C.H.	5401	5650	-249
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5600	5600	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	1-Jun-17	31-May-17	
Punjab	Bhatinda	J-34	4750	4760	-10
	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	4650	4660	-10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	1-Jun-17	31-May-17	
Gujarat	Ahmedabad	Shankar-6	20400	20400	Unch
	Gondal	Shankar-6	810	1160	-350
	Rajkot	B.T. Cotton	1800	2100	-300
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	5000	5000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	68	63	5
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	56	103	-47
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	1551	1251	300
	Hubli	D.C.H.	62	20	42
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	157	180	-23
Commodity	Lint		Arrivals (Quintal)		Change

State	Centre	Variety	1-Jun-17	31-May-17	
Punjab	Bhatinda	J-34	85	85	Unch
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	170	255	-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
				31-May-17	30-May-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	35200	35200	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36100	36100	Unch
J-34(202)	26mm	3.5 - 4.9	23	44100	44100	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41200	41200	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	43000	43000	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44300	44300	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	46200	46200	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	55500	55500	Unch

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

Centre	Unit	Price		Change
		1-Jun-17	31-May-17	
Rajkot	Rs. /10 Kg.	630	625	5
New Delhi	Rs. /10 Kg.	615	610	5
Hyderabad	Rs. /10 Kg.	600	600	Unch
Mumbai	Rs. /10 Kg.	636	636	Unch

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

Centre	Unit	Price		Change
		1-Jun-17	31-May-17	
Mahesana (Kadi)	Rs./Qtl	1862	1870	-8
Akola	Rs./Qtl	1835	1855	-20

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 01-June-2017		
Index	RMB/Ton	Change
CCIndex(328)	16066	-11
CCIndex(527)	15060	-6
CCIndex(229)	16458	-6
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 01-June-2017		
Index	Cents/lb	Change
FC Index (S)	89.60	-0.07
FC Index (M)	86.90	-0.04
FC Index (L)	84.50	0.04

Cotlook Index: As on 31-May-2017		
Cotlook Indices	Cents/Pound	Change
A-Index	87.20	Unch

USDA Cotton Spot Rates: As on 31-May-2017			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	76.23	77.48	NIL
North Delta	75.48	76.73	NIL
South Delta	75.48	76.73	NIL
East TX-OK	74.50	76.00	163
West Texas	74.50	76.00	NIL
Desert SW	71.48	75.48	NIL
SJ Valley	72.48	81.38	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.): As on 31-May-2017					
Contract	Open	High	Low	Close	Change
Jul-17	77.09	77.35	76.71	76.98	-0.28
Oct-17	75.57	75.57	75.04	75.04	-0.22
Dec-17	72.56	72.9	72.35	72.79	0.04
Mar-18	72.15	72.55	72.15	72.42	-0.05

May-18	72.67	72.82	72.52	72.74	-0.21
Jul-18	73.05	73.15	72.92	73.07	-0.36

Pakistan Cotton Spot rates: As on 31-May-2017				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6800	135	6935
Equivalent	40 Kgs	7288	145	7433

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