

## Domestic Fundamentals:

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

**In The News:** The Indian govt. had increased cotton MSP (Minimum Support Price) for long staple cotton from Rs 4,160/quintal in 2016-17 to Rs 4,320/quintal in 2017-18.

According to the official figures, cotton has been sown on 16.67 lakh hectares as on June 16, 2017 across the country compared to 12.25 lakh hectares during the same period previous year. Acreage under cotton has jumped around 30 per cent as farmers in Haryana, Punjab and Karnataka have increased the area on better price during the previous season.

As per the latest report published by USDA, India is expected to produce 6.09 million Tonnes of cotton in 2017-18 which is 5.7% higher than the cotton produced last year in 2016-17.

The sale of cotton seeds has picked up with sowing going on in full swing in the states of Punjab, Haryana, Rajasthan and some parts of Karnataka. According to the National Seeds Association of India (NSAI), cotton seed sales are likely to cross 5.5 to 6.5 lakh packs ( each of 450 gms) this season.

Farmers are likely to increase the area under cotton amid expectation of good monsoon this season and higher price of cotton during the previous season, farmers. According to initial projections by the Central Institute of Cotton Research, Nagpur, the cotton area sown would be around 6 lakh hectares in Haryana (compared to 4.98 lakh hectares during 2016-17) and 4 lakh hectare in Punjab (compared to 2.56 lakh hectares in 2016-17).

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 Resarch (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 plantaion in the country rose by 32% as 8.93 lakh hectares of land has been brought under cotton cultivation till 19<sup>th</sup> May, 2017 compared to 6.75 lakh hectares of land cultivated last year during the same interval.

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:

As per the latest USDA report, global cotton production is expected to rise by 8.25% from 23.08 million tonnes in 2016-17 to 24.98 million tonnes in 2017-18; wherein China, U.S , Pakistan and Brazil are expected to produce 5.23 million tonnes, 4.18 million tonnes, 2.03 million tonnes and 1.52 million tonnes of cotton respectively in 2017-18.

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.

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)	+0.50	871.00	875.00	866.50	872.00	2,379	-1,810	8340	-200

Spread	Cont (C1)		
Spot	243	-	-
	-	-	-

Updated at 5:00 pm as on 23-June 2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jun-17	-170.00	19940.00	19970.00	19740.00	19970.00	703	377	2074	-440
Jul-17	-230.00	20160.00	20180.00	19860.00	20180.00	1,157	409	5025	83

Spread	June-17	July-17	-	-	--	--
Spot		-210		-	-	-
Jun-17				-	-	-

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

\* Updated at 5:00 pm as on 23-June 2017

**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	23-Jun-17	22-Jun-17	
Gujarat	Ahmedabad	Shankar-6	4575	4650	-75
	Gondal	Shankar-6	5240	5380	-140
	Rajkot	B.T. Cotton	5375	5555	-180
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5300	4500	800
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5400	5500	-100
	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	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5000	4900	100
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	NA	5711	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5465	5500	-35
Commodity	Lint		Prices (Rs./Mound)		Change
State	Centre	Variety	23-Jun-17	22-Jun-17	
Punjab	Bhatinda	J-34	4610	4650	-40
	Abohar	J-34	4600	4650	-50
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-

	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4500	4550	-50
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	23-Jun-17	22-Jun-17	
Gujarat	Ahmedabad	Shankar-6	11900	8500	3400
	Gondal	Shankar-6	418	471	-53
	Rajkot	B.T. Cotton	2600	2150	450
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	41	22	19
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	NA	NA	-
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	NA	1264	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	105	97	8
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	23-Jun-17	22-Jun-17	
Punjab	Bhatinda	J-34	NA	NA	-

	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
<b>Haryana</b>	Sirsa	J-34	85	34	51
<b>Rajasthan</b>	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
				22-Jun-17	21-Jun-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	35700	35800	-100
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36600	36700	-100
J-34(202)	26mm	3.5 - 4.9	23	42700	42900	-200
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	40900	40800	100
Shankar-6(105)	29mm	3.5 – 4.9	28	42700	42700	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44400	44400	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45800	45800	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
		23-Jun-17	22-Jun-17	
Rajkot	Rs. /10 Kg.	625	625	Unch
New Delhi	Rs. /10 Kg.	605	610	-5
Hyderabad	Rs. /10 Kg.	600	600	Unch
Mumbai	Rs. /10 Kg.	632	635	-3

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

Centre	Unit	Price		Change
		23-Jun-17	22-Jun-17	
Mahesana (Kadi)	Rs./Qtl	1791	1797	-6
Akola	Rs./Qtl	1686	1708	-22

### INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 23-June-2017</u>		
Index	RMB/Ton	Change
CCIndex(328)	15966	-2
CCIndex(527)	14942	-17
CCIndex(229)	16352	-6
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 22-June-2017</u>		
Index	Cents/lb	Change
FC Index (S)	84.91	-0.68
FC Index (M)	82.43	-0.70
FC Index (L)	80.16	-0.74

<u>Cotlook Index: As on 22-June-2017</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	82.60	-0.40

<u>USDA Cotton Spot Rates: As on 21-June-2017</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	68.29	69.54	NIL
North Delta	67.54	68.79	NIL
South Delta	67.54	68.79	NIL
East TX-OK	67.50	69.00	NIL
West Texas	67.50	69.00	NIL
Desert SW	63.54	67.54	NIL
SJ Valley	64.54	73.44	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 22-June-2017</u>					
Contract	Open	High	Low	Close	Change
Jul-17	71.00	71.39	70.68	71.14	0.25
Oct-17	68.27	68.27	66.34	68.03	-0.24
Dec-17	68.17	68.17	66.72	66.74	-1.43

<b>Mar-18</b>	68.10	68.10	66.66	66.67	<b>-1.44</b>
<b>May-18</b>	68.51	68.51	67.22	67.23	<b>-1.31</b>
<b>Jul-18</b>	68.91	68.91	67.70	67.72	<b>-1.21</b>

<u>Pakistan Cotton Spot rates: As on 22-June-2017</u>				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
<b>Cotton</b>	37.32 Kgs	6650	135	6785
<b>Equivalent</b>	40 Kgs	7127	145	7272

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