

Domestic Fundamentals:

Market Outlook: Cotton spot markets noticed mixed tone on Friday.

In The News: On the back of favorable weather conditions and lucrative expected returns, rating agency, ICRA projected India to produce 36 million bales of cotton in 2018, up by 6 per cent from the previous year.

The Cotton Association of India projected India's cotton export to decline by 17% to 6 million bales in 2016-17 due to the appreciation of Indian rupee this year, which makes the Indian cotton less lucrative for the foreign importers.

Provided a normal monsoon this year, the Cotton Association of India projected India's cotton production to rise by 11.4% from 34.1 million bales in 2016-17 to 38 million bales in 2017-18.

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 24.70 lakh hectares as on June 23, 2017 across the country compared to 19.07 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 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.

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)	-5.50	870.00	872.50	862.50	870.50	1,924	-477	8433	253

Spread	Cont (C1)		
Spot	210.5	-	-
	-	-	-

Updated at 5:00 pm as on 29-June 2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jun-17	-30.00	20070.00	20070.00	19950.00	19980.00	258	-133	593	-158
Jul-17	-20.00	20070.00	20130.00	19960.00	20030.00	1,059	-138	6137	54

Spread	June-17	July-17	-	-	--	--
Spot		-50		-	-	-
Jun-17				-	-	-

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

* Updated at 5:00 pm as on 29-June 2017

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	30-Jun-17	29-Jun-17	
Gujarat	Ahmedabad	Shankar-6	Closed	4200	-
	Gondal	Shankar-6	5285	Closed	-
	Rajkot	B.T. Cotton	Closed	5405	-
	Patan	B.T. Cotton	Closed	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	Closed	4580	-
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	4950	4950	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	5671	5639	32
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5450	5370	80
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	30-Jun-17	29-Jun-17	
Punjab	Bhatinda	J-34	4610	4610	Unch
	Abohar	J-34	4610	4610	Unch

	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4530	4540	-10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	30-Jun-17	29-Jun-17	
Gujarat	Ahmedabad	Shankar-6	Closed	5100	-
	Gondal	Shankar-6	95	Closed	-
	Rajkot	B.T. Cotton	Closed	340	-
	Patan	B.T. Cotton	Closed	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	Closed	15	-
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	1078	983	95
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	165	97	68
Commodity	Lint		Arrivals (Quintal)		Change

State	Centre	Variety	30-Jun-17	29-Jun-17	
Punjab	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	17	26	-9
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
				29-Jun-17	28-Jun-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	35600	35600	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36500	36500	Unch
J-34(202)	26mm	3.5 - 4.9	23	42700	42600	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41200	41100	100
Shankar-6(105)	29mm	3.5 - 4.9	28	42600	42500	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44200	44200	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45800	45800	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	56000	55500	500

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

Centre	Unit	Price		Change
		30-Jun-17	29-Jun-17	
Rajkot	Rs. /10 Kg.	625	625	Unch
New Delhi	Rs. /10 Kg.	600	600	Unch
Hyderabad	Rs. /10 Kg.	600	600	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
		30-Jun-17	29-Jun-17	
Mahesana (Kadi)	Rs./Qtl	NA	1790	-
Akola	Rs./Qtl	NA	1684	-

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 30-June-2017</u>		
Index	RMB/Ton	Change
CCIndex(328)	15939	-7
CCIndex(527)	14907	-15
CCIndex(229)	16324	-12
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 29-June-2017</u>		
Index	Cents/lb	Change
FC Index (S)	86.94	Unch
FC Index (M)	84.90	Unch
FC Index (L)	83.23	Unch

<u>Cotlook Index: As on 29-June-2017</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	83.80	Unch

<u>USDA Cotton Spot Rates: As on 29-June-2017</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	68.30	69.55	NIL
North Delta	67.55	68.80	NIL
South Delta	67.55	68.80	NIL
East TX-OK	67.50	69.00	NIL
West Texas	67.50	69.00	NIL
Desert SW	63.55	67.55	NIL
SJ Valley	64.55	73.45	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 29-June-2017</u>					
Contract	Open	High	Low	Close	Change
Jul-17	74.20	74.45	74.00	74.00	-0.41
Oct-17	69.10	69.31	68.86	69.05	-0.42
Dec-17	67.67	67.77	67.04	67.24	-0.41
Mar-18	67.19	67.37	66.52	66.61	-0.68

May-18	67.65	67.65	67.00	67.04	-0.68
Jul-18	67.86	68.00	67.54	67.58	-0.61

Pakistan Cotton Spot rates: As on 29-June-2017				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6600	135	6735
Equivalent	40 Kgs	7073	145	7218

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2017 Indian Agribusiness Systems Pvt. Ltd.