

## Domestic Fundamentals:

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

**In The News:** According to the official figures, cotton has been sown on 90.88 lakh hectares as on July 14, 2017 across the country compared to 73.93 lakh hectares during the same period previous year.

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.

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).

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.

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.

### 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)	-1.00	864.00	870.00	862.00	864.50	1,558	-615	7790	18

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

Updated at 5:00 pm as on 18-Jul 2017

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jul-17	+90.00	20190.00	20360.00	20180.00	20170.00	992	289	4654	-475
Oct-17	+50.00	18600.00	18650.00	18510.00	18530.00	145	54	538	38

Spread	Jul-17	Oct-17	-	-	--	--
Spot		-50		-	-	-
Oct-17				-	-	-

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

\* Updated at 5:00 pm as on 18-Jul 2017

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

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	18-Jul-17	17-Jul-17	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	4755	NA	-
	Rajkot	B.T. Cotton	Closed	5220	-
	Patan	B.T. Cotton	NA	Closed	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	Closed	Closed	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5450	5500	-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	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4850	4850	Unch
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	4320	-
Karnataka	Bijapur	Bunny	5786	5679	107
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5589	5611	-22
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	18-Jul-17	17-Jul-17	
Punjab	Bhatinda	J-34	4540	4580	-40
	Abohar	J-34	4540	4560	-20
	Mansa	J-34	NA	NA	-

	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
<b>Haryana</b>	Sirsa	J-34	4540	4570	<b>-30</b>
<b>Rajasthan</b>	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	18-Jul-17	17-Jul-17	
<b>Gujarat</b>	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	13	NA	-
	Rajkot	B.T. Cotton	Closed	1500	-
	Patan	B.T. Cotton	NA	Closed	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	Closed	Closed	-
<b>Punjab</b>	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
<b>Haryana</b>	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	-
<b>Rajasthan</b>	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
<b>Madhya Pradesh</b>	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
<b>Maharashtra</b>	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
<b>Telangana</b>	Adilabad	Un-Ginned	NA	NA	-
<b>Andhra Pradesh</b>	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
<b>Karnataka</b>	Bijapur	Bunny	1258	1124	<b>134</b>
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	97	22	<b>75</b>
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	18-Jul-17	17-Jul-17	

<b>Punjab</b>	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
<b>Haryana</b>	Sirsa	J-34	17	17	Unch
<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
				17-Jul-17	15-Jul-17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	36100	36300	-200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	37000	37200	-200
J-34(202)	26mm	3.5 - 4.9	23	43000	43300	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40800	40900	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	41900	42000	-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	56000	Unch

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

Centre	Unit	Price		Change
		18-Jul-17	17-Jul-17	
Rajkot	Rs. /10 Kg.	662	665	-3
New Delhi	Rs. /10 Kg.	655	650	5
Hyderabad	Rs. /10 Kg.	630	630	Unch
Mumbai	Rs. /10 Kg.	684	678	6

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

Centre	Unit	Price		Change
		18-Jul-17	17-Jul-17	
Mahesana (Kadi)	Rs./Qtl	1797	Closed	-
Akola	Rs./Qtl	1687	1680	7

### INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 18-July-2017</u>		
Index	RMB/Ton	Change
CCIndex(328)	15873	3
CCIndex(527)	14837	Unch
CCIndex(229)	16282	6
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 18-July-2017</u>		
Index	Cents/lb	Change
FC Index (S)	88.17	1.12
FC Index (M)	84.76	1.12
FC Index (L)	82.41	1.25

<u>Cotlook Index: As on 17-July-2017</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	82.45	0.25

<u>USDA Cotton Spot Rates: As on 17-July-2017</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	67.82	69.07	204
North Delta	67.07	68.32	NIL
South Delta	67.07	68.32	NIL
East TX-OK	66.50	68.00	NIL
West Texas	66.50	68.00	NIL
Desert SW	63.07	67.07	NIL
SJ Valley	64.07	72.97	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 17-July-2017</u>					
Contract	Open	High	Low	Close	Change
Oct-17	67.53	68.65	67.06	68.57	1.39
Dec-17	66.75	68.23	66.60	67.76	1.18
Mar-18	66.20	67.71	66.20	67.37	1.26
May-18	66.94	68.12	66.78	67.95	1.24
Jul-18	67.42	68.63	67.42	68.47	1.19

Oct-18	67.12	67.12	67.12	67.12	1.15
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Pakistan Cotton Spot rates: As on 17-July-2017				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6200	135	6335
Equivalent	40 Kgs	6645	145	6790

#### Disclaimer

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