

Domestic Fundamentals:

Market Outlook: Cotton spot markets mostly noticed pale tone on Monday.

In The News: According to the official figures, cotton has been sown on 121.72 lakh hectares as on September 22, 2017 across the country compared to 102.56 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 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.

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:

According to the latest report published by International Cotton Advisory Committee (ICAC), world's cotton area is likely to increase by 9% to 31.9 million hectares in 2017-18.

ICAC also projected global cotton production to rise by 9% from 23.07 million tonnes in 2016-17 to 25.14 million tonnes in 2017-18. Wherein, China, U.S and Pakistan are projected to produce 5.2 million tonnes, 4.5 million tonnes and 2 million tonnes of cotton respectively.

On the back of a favorable weather condition, increased acreage and yield; the Chinese govt. forecasted the country to produce 5.28 MT of cotton in 2017-18. Alongwith it, cotton consumption by the country is also projected to lie at 7.9 MT during 2017-18.

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.

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.

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

| Contract | +/- | Open | High | Low | Close | Volume | Change | OI | Change |
|------------|-----|--------|--------|--------|--------|--------|--------|------|--------|
| Cont. (C1) | -7 | 857.00 | 857.50 | 851.00 | 861.50 | 1,826 | 109 | 7660 | -118 |

| | | | |
|--------|-----------|---|---|
| Spread | Cont (C1) | | |
| Spot | 120.50 | - | - |
| | - | - | - |

Updated at 05:00 pm as on 25-Sep 2017

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

| Contract | +/- | Open | High | Low | Close | Volume | Change | OI | Change |
|----------|------|----------|----------|----------|----------|--------|--------|------|--------|
| Oct-17 | -160 | 18400.00 | 18430.00 | 18240.00 | 18470.00 | 616 | 201 | 3011 | 85 |
| Nov-17 | -70 | 18120.00 | 18120.00 | 17950.00 | 18110.00 | 279 | 99 | 2098 | 131 |

| | | | | | | |
|--------|--------|--------|---|---|----|----|
| Spread | Oct-17 | Nov-17 | - | - | -- | -- |
| Spot | | 360 | - | - | - | - |
| Oct-17 | | | - | - | - | - |

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

* Updated at 05:00 pm as on 25-Sep 2017

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

| Commodity | Kapas | | Prices (Rs./Quintal) | | Change |
|----------------|---------------|------------------------|----------------------|-----------|--------|
| State | Centre | Variety | 25-Sep-17 | 23-Sep-17 | |
| Gujarat | Ahmedabad | Shankar-6 | NA | NA | - |
| | Gondal | Shankar-6 | 4830 | NR | - |
| | Rajkot | B.T. Cotton | 4910 | 4980 | -70 |
| | Patan | B.T. Cotton | NA | NA | - |
| | Kadi | B.T. Cotton | NA | NA | - |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | NA | 4620 | - |
| Punjab | Fazilika | B.T. Cotton | NR | NR | - |
| | Muktsar | B.T. Cotton | NR | NR | - |
| Haryana | Bhiwani | B.T. Cotton (New Crop) | 4225 | 4270 | -45 |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 4225 | 4300 | -75 |
| | Fatehabad | B.T. Cotton | 4260 | 4346 | -86 |
| | Jind | B.T. Cotton | NA | NA | - |
| | Uchana | B.T. Cotton | NA | NA | - |
| | Dabwali | B.T. Cotton | NA | NA | - |
| Rajasthan | Hanumangarh | B.T. Cotton | 4350 | 4500 | -150 |
| | Rawatsar | B.T. Cotton | NA | NA | - |
| Madhya Pradesh | Khandwa | Mech-1 | NA | NA | - |
| | Khargaon | Mech-1 | 4060 | 4075 | -15 |
| Maharashtra | Amravati | Mech-1 | NA | NA | - |
| | Jamner | Medium Staple | NA | NA | - |
| Uttar Pradesh | Hathras | B.T. Cotton | 4850 | 4800 | 50 |
| | Hathras | Desi | 4600 | 4650 | -50 |
| Telangana | Adilabad | Un-Ginned | 4550 | 4550 | Unch |
| Andhra Pradesh | Guntur | Un-Ginned | NA | NA | - |
| | Kurnool | Un-Ginned | 4509 | NA | - |
| | Krishna | Un-Ginned | NA | NA | - |
| | East Godavari | Un-Ginned | 4320 | 4320 | Unch |
| Karnataka | Bijapur | Bunny | NA | 5159 | - |
| | Hubli | D.C.H. | NA | NA | - |
| | Hubli | B.T. Cotton | NA | NA | - |
| | Raichur | H-44 Cotton | 4339 | NA | - |
| Commodity | Lint | | Prices (Rs./Maunder) | | Change |
| State | Centre | Variety | 25-Sep-17 | 23-Sep-17 | |
| Punjab | Bhatinda | J-34 | 3890 | 4000 | -110 |
| | Abohar | J-34 | 3880 | 4000 | -120 |
| | Mansa | J-34 | 3890 | 3990 | -100 |
| | Muktsar | J-34 | NR | NR | - |

| | | | | | |
|------------------|----------------|------|------|------|-------------|
| | Fazilika | J-34 | NR | NR | - |
| Haryana | Sirsa | J-34 | 3890 | 4000 | -110 |
| Rajasthan | Sri-Ganganagar | J-34 | NA | NA | - |

Cotton Arrivals in Key Centers:

| Commodity | Kapas | | Arrivals (Quintal) | | Change |
|-----------------------|---------------|---------------|--------------------|-----------|--------------|
| State | Centre | Variety | 25-Sep-17 | 23-Sep-17 | |
| Gujarat | Ahmedabad | Shankar-6 | NA | NA | - |
| | Gondal | Shankar-6 | 120 | NR | - |
| | Rajkot | B.T. Cotton | 695 | 660 | 35 |
| | Patan | B.T. Cotton | NA | NA | - |
| | Kadi | B.T. Cotton | NA | NA | - |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | NA | 4 | - |
| Punjab | Fazilika | B.T. Cotton | NR | NR | - |
| | Muktsar | B.T. Cotton | NR | NR | - |
| Haryana | Bhiwani | B.T. Cotton | 5000 | 6000 | -1000 |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 1190 | 1190 | Unch |
| | Fatehabad | B.T. Cotton | 500 | 350 | 150 |
| | Jind | B.T. Cotton | NA | NA | - |
| | Uchana | B.T. Cotton | NA | NA | - |
| | Dabwali | B.T. Cotton | NA | NA | - |
| Rajasthan | Hanumangarh | B.T. Cotton | 2500 | 1500 | 1000 |
| | Rawatsar | B.T. Cotton | NA | NA | - |
| Madhya Pradesh | Khandwa | Mech-1 | NA | NA | - |
| | Khargaon | Mech-1 | 5170 | 1190 | 3980 |
| Maharashtra | Amravati | Mech-1 | NA | NA | - |
| | Jamner | Medium Staple | NA | NA | - |
| Uttar Pradesh | Hathras | B.T. Cotton | 350 | 125 | 225 |
| | Hathras | Desi | 175 | NA | - |
| Telangana | Adilabad | Un-Ginned | NA | NA | - |
| Andhra Pradesh | Guntur | Un-Ginned | NA | NA | - |
| | Kurnool | Un-Ginned | 6 | NA | - |
| | Krishna | Un-Ginned | NA | NA | - |
| | East Godavari | Un-Ginned | NA | NA | - |
| Karnataka | Bijapur | Bunny | NA | 69 | - |
| | Hubli | D.C.H. | NA | NA | - |
| | Hubli | B.T. Cotton | NA | NA | - |
| | Raichur | H-44 Cotton | 412 | NA | - |
| Commodity | Lint | | Arrivals (Quintal) | | Change |
| State | Centre | Variety | 25-Sep-17 | 23-Sep-17 | |
| Punjab | Bhatinda | J-34 | 6800 | 5100 | 1700 |

| | | | | | |
|------------------|----------------|------|------|------|-------------|
| | Abohar | J-34 | 2040 | 1700 | 340 |
| | Mansa | J-34 | 680 | 425 | 255 |
| Haryana | Sirsa | J-34 | 1020 | 1020 | 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 |
|---------------------------------------|------------|------------|------------------|---------------|---------------|-------------|
| | | | | 23-Sep-17 | 22-Sep-17 | |
| Bengal Deshi (RG)/Assam Comilla (101) | Below 22mm | 5.0 - 7.0 | 15 | 33600 | 33900 | -300 |
| Bengal Deshi (SG)(201) | Below 22mm | 5.0 - 7.0 | 15 | 34600 | 34900 | -300 |
| J-34(202) | 26mm | 3.5 - 4.9 | 23 | 37100 | 37400 | -300 |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 38900 | 39000 | -100 |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 40000 | 40000 | Unch |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 42500 | 42700 | -200 |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | 44400 | 44500 | -100 |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 52000 | 52000 | Unch |

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

| Centre | Unit | Price | | Change |
|-----------|-------------|-----------|-----------|----------|
| | | 25-Sep-17 | 23-Sep-17 | |
| Rajkot | Rs. /10 Kg. | 660 | 655 | 5 |
| New Delhi | Rs. /10 Kg. | 638 | 635 | 3 |
| Hyderabad | Rs. /10 Kg. | 645 | 640 | 5 |
| Mumbai | Rs. /10 Kg. | 680 | 675 | 5 |

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

| Centre | Unit | Price | | Change |
|-----------------|---------|-----------|-----------|------------|
| | | 25-Sep-17 | 23-Sep-17 | |
| Mahesana (Kadi) | Rs./Qtl | 1374 | 1400 | -26 |
| Akola | Rs./Qtl | 1437.9 | 1472 | -34 |

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 25-September-2017

| Index | RMB/Ton | Change |
|----------------------------------|---------|-----------|
| CCIndex(328) | 15991 | 12 |
| CCIndex(527) | 14937 | 16 |
| CCIndex(229) | 16432 | 17 |
| RMB -Renminbi, 1RMB =0.16 \$U.S. | | |

China Foreign Cotton (FCE) Index : As on 25-September-2017

| Index | Cents/lb | Change |
|--------------|----------|--------|
| FC Index (S) | 82.62 | 0.14 |
| FC Index (M) | 78.44 | 0.19 |
| FC Index (L) | 76.74 | 0.24 |

Cotlook Index: As on 22-September-2017

| Cotlook Indices | Cents/Pound | Change |
|-----------------|-------------|--------|
| A-Index | 78.55 | -0.95 |

USDA Cotton Spot Rates: As on 22-September-2017

| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|---------------------|---------------------|----------|
| | cents/lb. | | Bales |
| Southeast | 69.21 | 70.46 | NIL |
| North Delta | 68.46 | 69.71 | NIL |
| South Delta | 68.46 | 69.71 | NIL |
| East TX-OK | 68.00 | 69.50 | 185 |
| West Texas | 67.75 | 69.25 | NIL |
| Desert SW | 63.21 | 67.21 | NIL |
| SJ Valley | 64.21 | 73.11 | 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.): Ason22-September-2017

| Contract | Open | High | Low | Close | Change |
|----------|-------|-------|-------|-------|--------|
| Oct-17 | 69.11 | 69.30 | 68.80 | 69.09 | 0.05 |
| Dec-17 | 68.16 | 68.77 | 67.86 | 68.46 | 0.21 |
| Mar-18 | 67.50 | 67.90 | 67.30 | 67.58 | Unch |
| May-18 | 68.08 | 68.45 | 67.95 | 68.16 | -0.01 |
| Jul-18 | 68.64 | 68.94 | 68.50 | 68.64 | -0.05 |
| Oct-18 | 67.14 | 67.14 | 67.14 | 67.14 | -0.03 |

Pakistan Cotton Spot rates: As on 23-September-2017

(in Pakistan Rupees)

| Product | Rate for | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
|------------|-----------|--------------|------------------|-------------------|
| Cotton | 37.32 Kgs | 6100 | 145 | 6245 |
| Equivalent | 40 Kgs | 6537 | 155 | 6692 |

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