

## Current Market Outlook

**Domestic Weekly Price Scenario:** Cotton spot prices noticed mostly firm tone during the week.

Average price of Kapas at Rajkot during the week was Rs. 53266 per quintal compared to the previous week price of Rs.5320 per quintal. Average price of Lint at Sirsa during the week was Rs. 4104 per maund (of 37.32 Kg each), compared to the previous week price of Rs 4046. Cotton fiber (Shankar-6) prices noticed firm tone this week. Average price was Rs 39129 per candy (of 355.6 kg each) during the week, which was Rs 38780 per candy previous week. Future price of cotton (at NCDEX, April'17 contract) closed higher this week at Rs. 952.00 per maund (of 20 kg each) which was Rs 919.50 a week earlier.

**Cotton Price Outlook (For Coming Week):** In the coming week we expect Kapas price to remain range bound to firm with the price band of Rs. 5100-5500 per quintal in the bench mark market. Lint price at Sirsa is likely to be in range of Rs 4000-4300 per maund. Kapas prices at NCDEX (April'17 contract), is expected to hover in the range of Rs. 925-1000 per maund (of 20 kg each).

**Major Market Highlights:** According to official sources at Southern Mill's Association, under the new terms and conditions for fully pressed bales of CCI facilitates that the registered MSME textile units can procure cotton by paying only 10% deposit money as compared to 20%, which was applicable only for the sale quantity of 30,000 bales and above. The free period available for procurement of 15,000 bales has been made uniform at 45 days.

The Cotton Corporation of India is purchasing fiber at market rates from various parts of the country to ensure supplies for its customers in the textiles industry. The corporation is expected to purchase up to 15 lakh bales this season according to official sources. Market prices have firmed up recently as arrivals have declined post demonetization. It is likely to purchase from West, Central and the Southern markets of the country.

India exported 1.842 lakh bales of cotton last week (21 -26 November 2016), which was 1.812 lakh bales previous to last week (14 -20 November 2016), according to the data released by IBIS and compiled by Agriwatch.

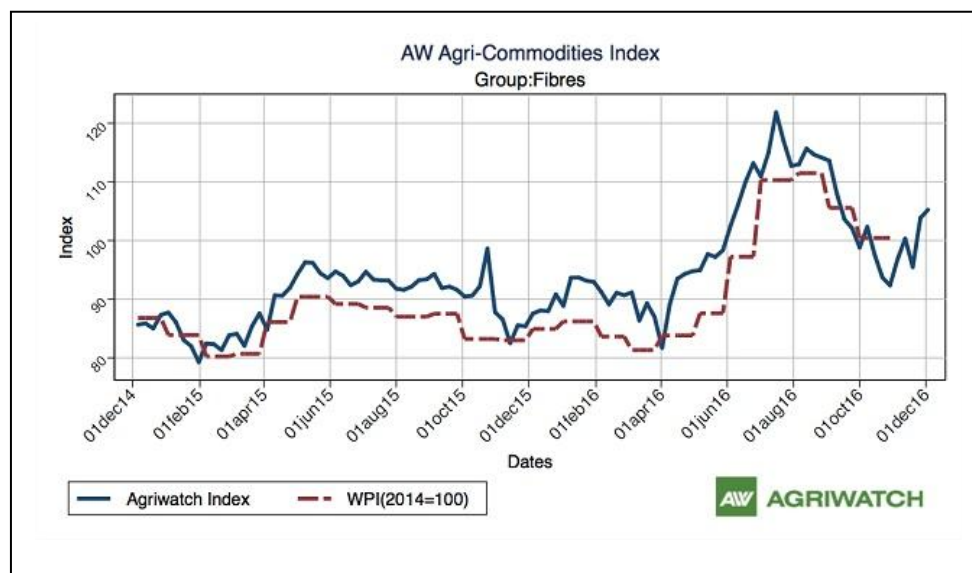
According to ICRA, weak exports and higher domestic cotton prices is likely to affect the profitability of the spinners. Cotton prices have been firm recently amid demonetization drive and uncertainty pertaining to current season crop size. Cotton yarn exports have been declining following lower demand from China and improved local usage. The improved domestic mill consumption in China has reduced its dependence upon imports, affecting yarn exports from India. In the first seven months of the financial year 2016 -17, cotton yarn export quantity declined by 23% y-o-y.

## AW Cotton Index – 04 Dec. 2016

The Agriwatch Agri Commodities Index rose 0.44% to 116.24 during the week ended Dec 3, 2016 from 115.72 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).



The Fiber Index increased by +1.36% week-on-week.

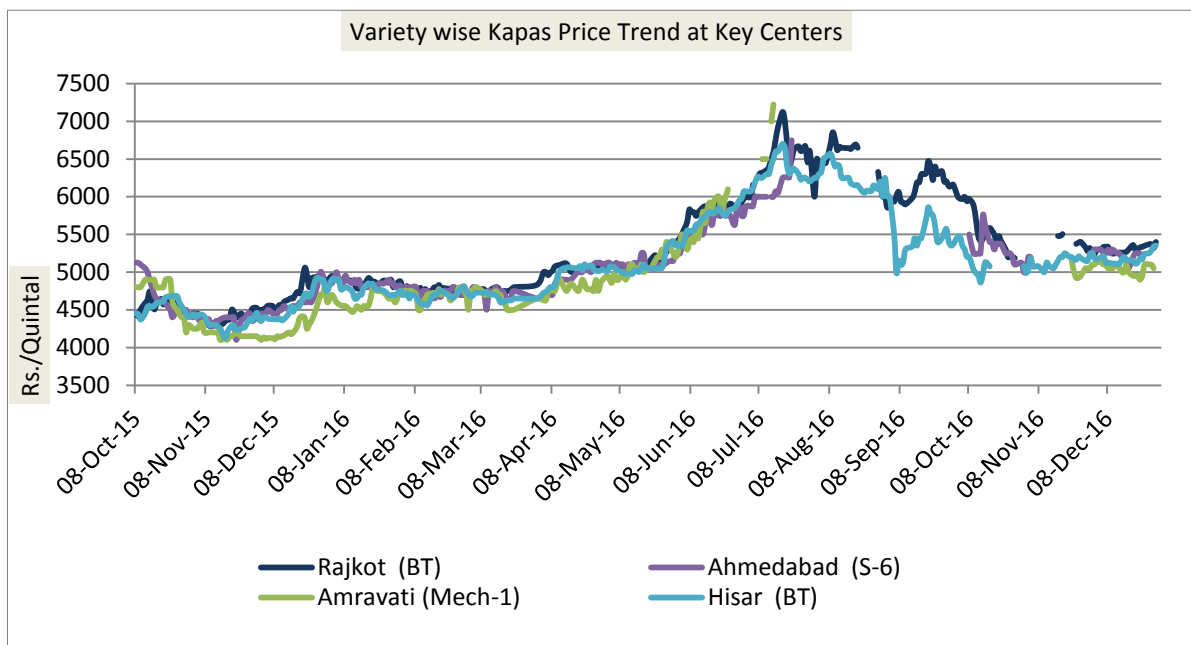


"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. The indices include an Aggregate Index, Category Indices and individual commodity indices. The weekly indices are free to access on our website [agriwatch.com](http://agriwatch.com). The daily indices are available on subscription. Please contact for more details."

## Domestic Cotton Prices Scenario

### Kapas (Raw Cotton) Weekly Price Scenario

**Weekly Price Review:** Kapas price remained firm during the week amid good demand in the market. Weekly average price of Kapas at Rajkot remained at Rs. 5366 per quintal compared to the previous week price of Rs. 5320 per quintal.



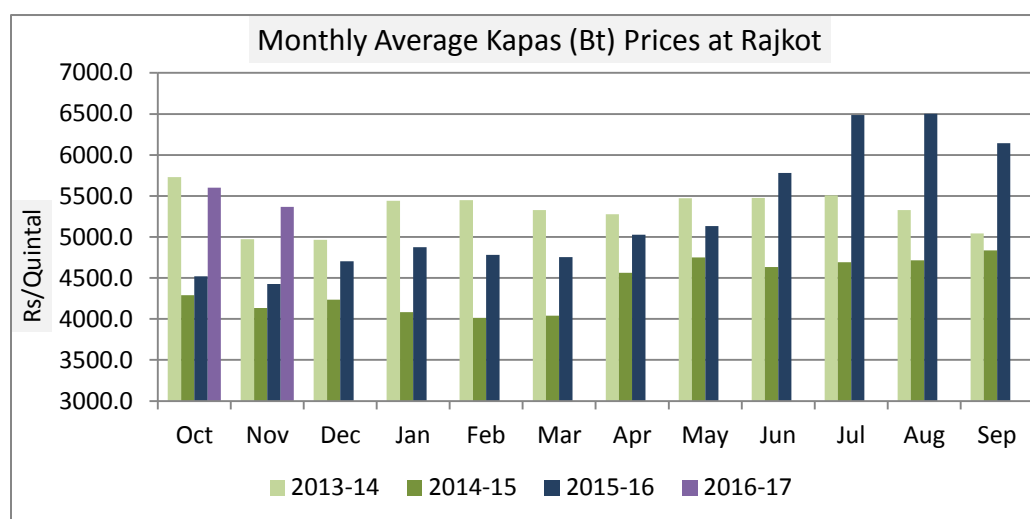
According to latest

USDA attaché report, India's 2016/17 cotton production forecast is 27.00 million 480 lb. bales on marginally lower acreage of 11.8 million hectares. Higher yields are expected through a combination of better crop, pest, and weed management practices and assuming a normal monsoon

**Weekly Price Outlook:** Kapas prices are expected to remain range-bound to weak in coming days. The expected range for Kapas at Rajkot is Rs 5100-5500 per quintal for the coming week.

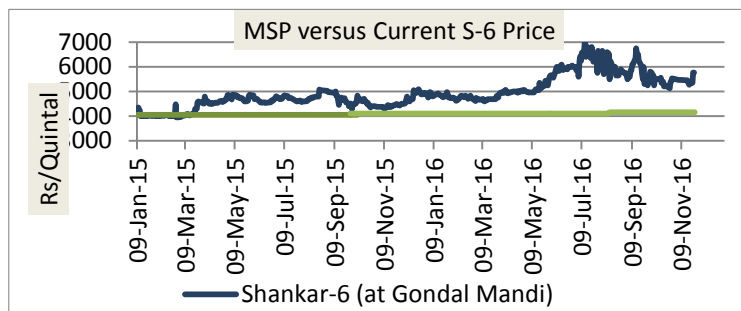
### Kapas Monthly Y-o-Y Price Scenario

Kapas (seed cotton) prices in country noticed weak momentum during the month of November following new crop arrival in the market. The cotton price remained weak during November compared to the previous month, and the same is ruling higher compared to the prices during the corresponding month of the previous season.



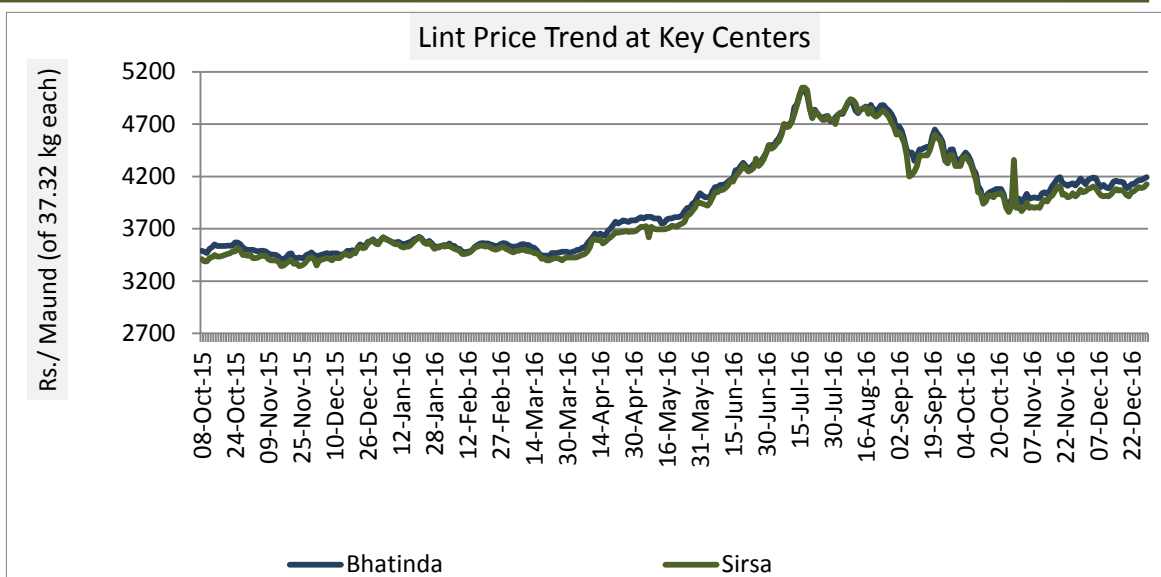
## Spot Price versus MSP

The Kapas prices are ruling above the MSP so far. The gap between the two prices has increased this week. The average gap between the prices was Rs. 1615 this week compared to Rs 1185 a week earlier. This indicates prices are declining.



## Lint (De-Seeded Cotton) Weekly Price Scenario

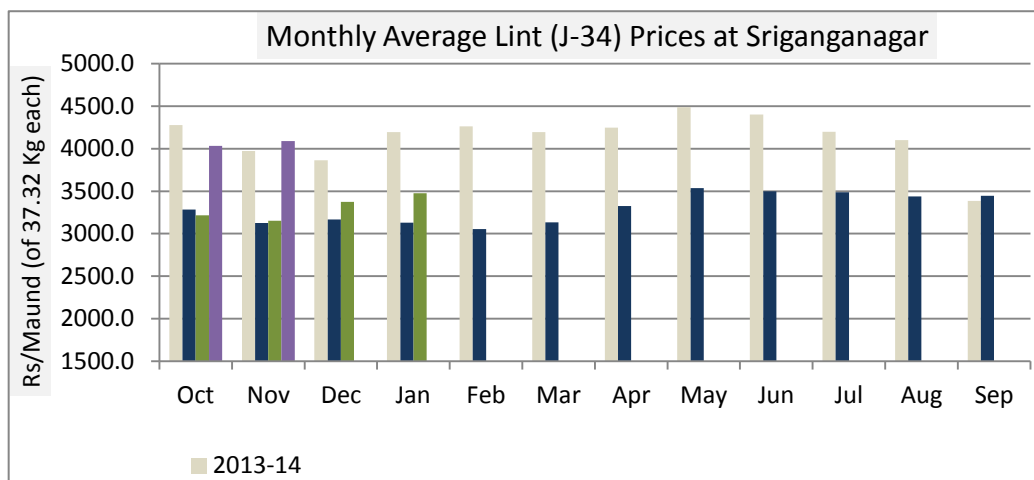
**Weekly Price Review:**  
Lint prices remained firm during the week owing to bullish sentiment prevailing in market. Weekly average price of Lint at Sirsa remained Rs. 4104 per maund of 37.32 kg each, higher compared to the previous week price of Rs. 4046 per maund.



**Weekly Price Outlook:** Lint prices are expected to remain range bound to firm during the week. We expect Lint at Sirsa to remain in the range of Rs. 4000-4300 per maund.

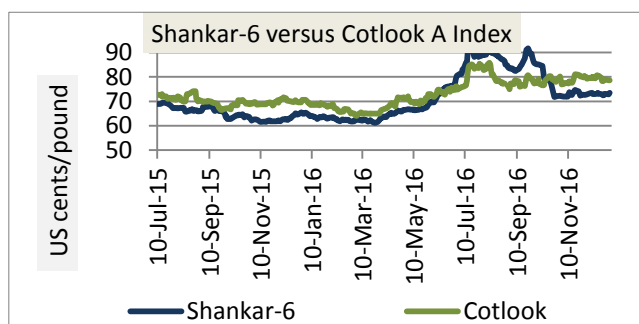
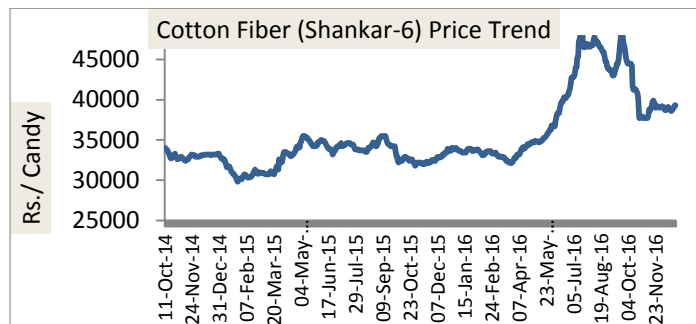
## Lint Monthly Y-o-Y Price Scenario

Monthly average price at Sri Ganganagar in November was Rs.4090/Qtl compared to Rs.4032/Qtl in October.



## Cotton Fiber Weekly Price Scenario

Following upward movement in Kapas prices, cotton fiber moved northwards this week. Weekly average price of cotton (Shankar-6) at Mumbai remained Rs 39129 per candy (of 355.6 kg each) compared to the prices of previous week which was Rs. 38817 per candy.

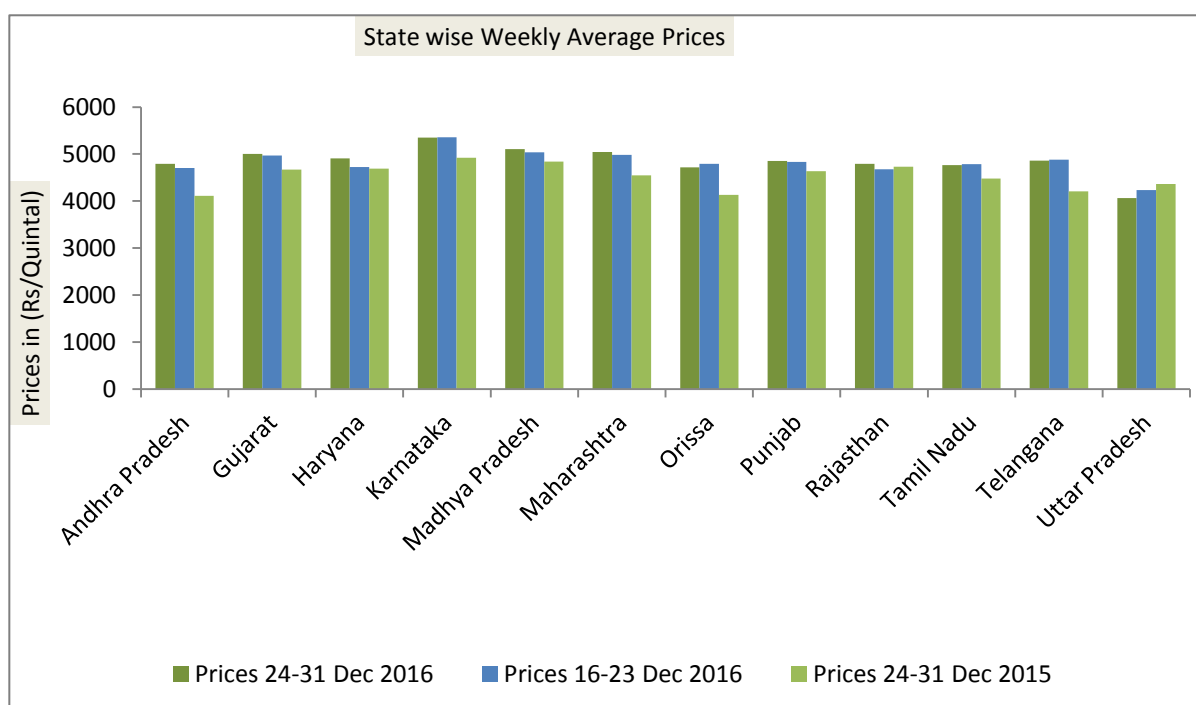


Indian Fiber price versus International Fiber Price: Indian fiber prices are ruling below the international price. Against the weekly average Cotlook A Index of 78.73 cents/pound, Indian weekly average price stood at 73.12 cents/pound, making Indian fiber competitive in international market.

Weekly Price Outlook: Shankar-6 price in the coming week is expected to hover in range of Rs 38000-43000 per candy.

## State wise Weekly Price Scenario

On week on week basis, prices are by and large showing weak trend in most of the States, highest price was recorded in Karnataka followed by Maharashtra this week and lowest was in Uttar Pradesh followed by Orissa. On year on year basis, cotton prices are reflecting uptrend

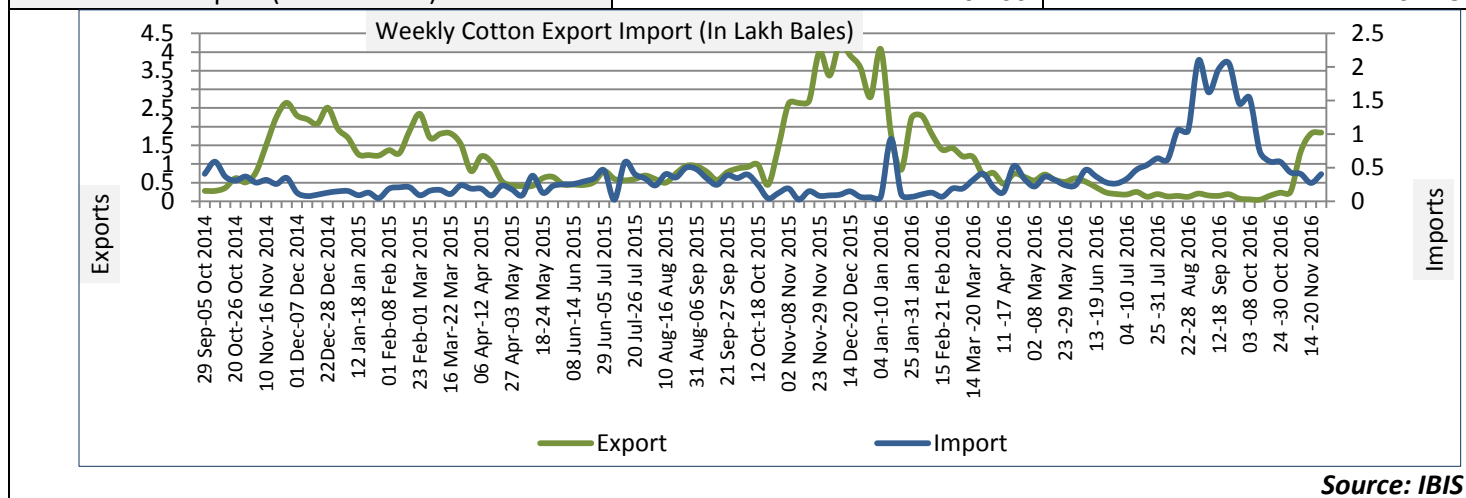


in all of the States. Prices have been summarized in the table given in annexure.

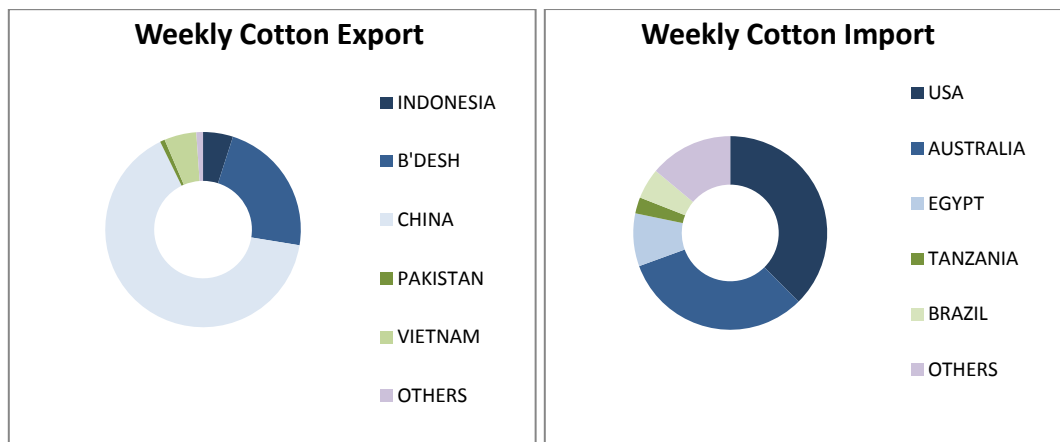
### Cotton Weekly Export and Import

India exported 1.842 lakh bales of cotton last week (21 -26 November 2016), which was 1.812 lakh bales during the week before (14 -20 November 2016), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.406 lakh bales last week, which was 0.275 lakh bales the week before .

Export/Import	21 -26 November 2016	14 -20 November 2016
Export (In lakh Bales)	1.842	1.812
Import (In lakh Bales)	0.406	0.275



Major importer of Indian cotton during the week (21 -26 November 2016) was China. According to the data released by IBIS and compiled by Agriwatch, China imported 1.201 lakh bales of cotton from India in the past week (21 -26 November 2016). Other major importers were Bangladesh, Vietnam, Indonesia and Pakistan and their imported volumes were 0.416, 0.098, 0.091 and 0.015 lakh bales respectively. India exported 1.842 lakh bales of cotton last week (21 -26 November 2016), which was 1.812 lakh bales previous to last week (14 -20 November 2016), according to the data released by IBIS and compiled by Agriwatch.



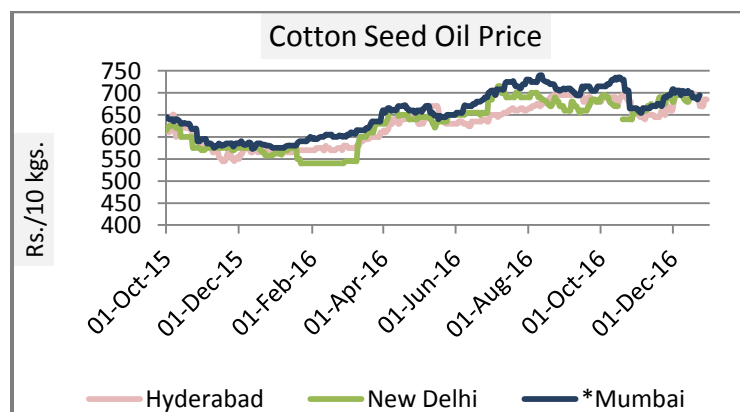
## Cotton Seed Oil and Cotton Seed Oil Cake

### Cotton Seed Oil Weekly Price Scenario

Cotton seed oil price noticed weak tone during the week. Weekly average price in New Delhi remained Rs 686 per 10 Kg, lower compared to the weekly average price of Rs 694 per 10 Kg in previous week.

Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	29-Dec-16	22-Dec-16	
New Delhi	686	694	-1.20
Rajkot	686	699	-1.91
Hyderabad	678	694	-2.40
Mumbai*	690	701	-1.55

\*Vat Included

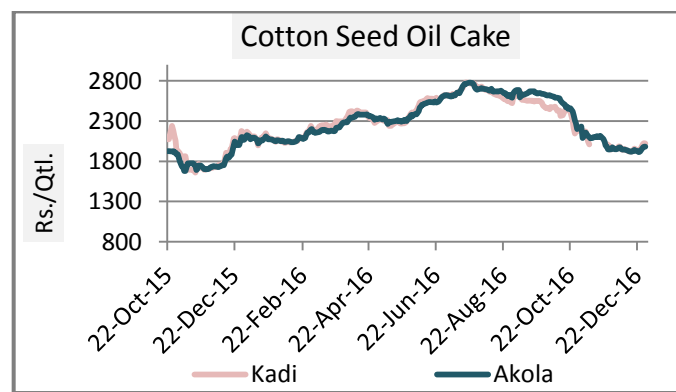


### Cotton Seed Oil Cake Weekly Price Scenario

Cotton seed oil cake price noticed positive tone during the week. Weekly average price in Akola remained Rs 1954 per quintal, lower compared to the weekly average price of Rs 1929 per quintal in the previous week.

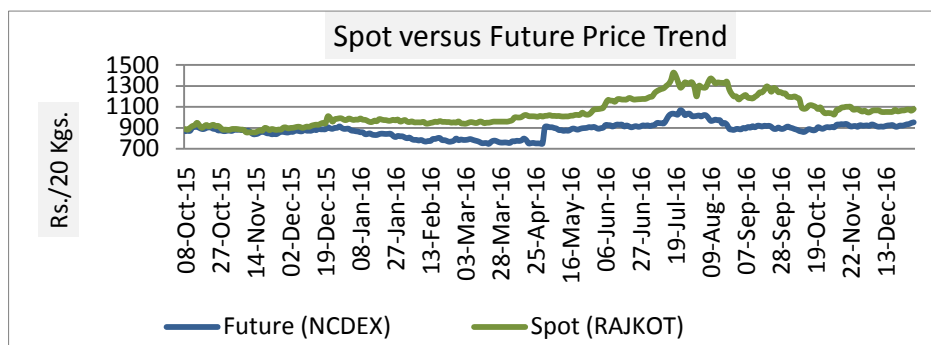
Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	29-Dec-16	22-Dec-16	
Kadi	1988	1941	2.44
Akola	1954	1929	1.32

\*Source: NCDEX

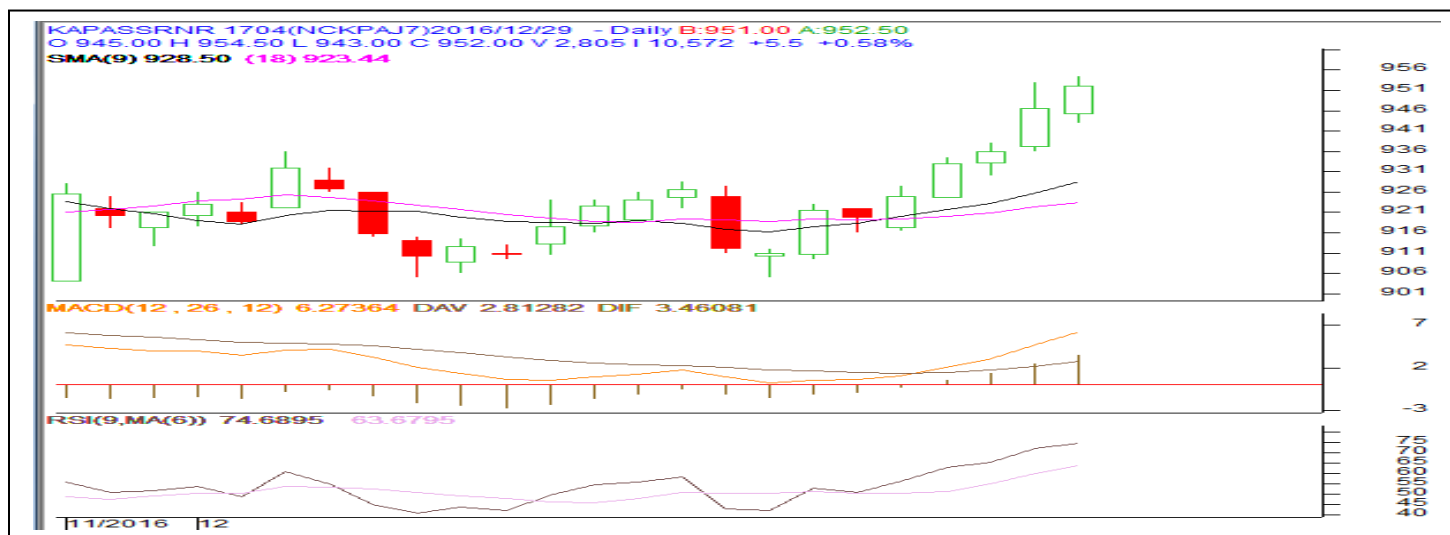


### Cotton Spot and Future Price Trend

Cotton future price closed lower this week. Kapas at NCDEX (April'17) closed at Rs 952.50 as on 29 Dec 2016, compared to 919.50 a week earlier. The gap between the spot and future prices has narrowed. Average gap between the spot and future price during the week was Rs.133.20 which was Rs 143.90 a week earlier.



### Technical Analysis of Kapas Future Prices at NCDEX(April'17 Contract)



#### Weekly Technical Outlook:

- Kapas prices noticed firm tone during the week.
- RSI is increasing in the overbought zone.
- MACD signal line and center line denotes bearish crossover.

#### Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range-bound To Firm Momentum	925-1000

#### Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
930	900	975	1000

Figures in Rs/20 Kg



## International Market Scenario

International cotton prices remained range bound to weak during the week. Cotlook A index weekly average stood at 78.73 cents/pound this week, which was 79.16 cents/pound during last week.

**Major Market Highlights:** According to China Cotton Association's (CCA) report from survey over 2800 growers and 12 major cotton belts in December 2016, growers are willing to increase acreage under cotton. According to the survey, 5.78% plan to reduce plantings, 7.91% to increase, and 44.31% has not decided, others has have no change compared to last year. Cotton planting area is estimated at 42.60 million mu in 2017.

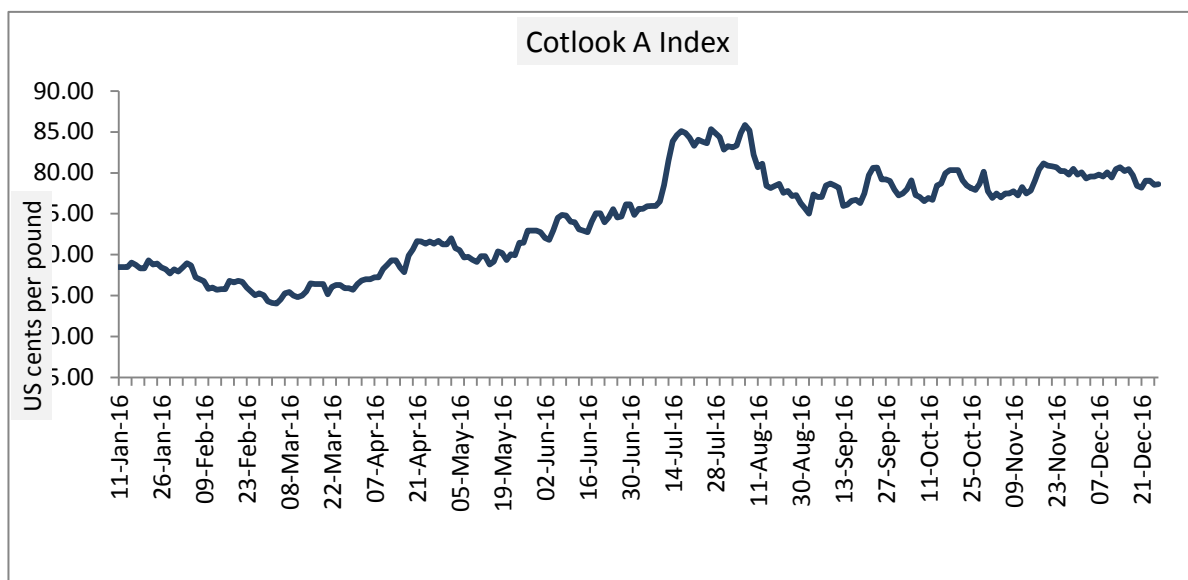
According to Pakistan's Cotton Crop Assessment Committee (CCAC), the country's cotton crop is expected to be around 10.6 million bales in 2016 -17 compared to 9.7 million bales during the previous season. Although 2016-17 area was forecast at a three-decade low, the yield was projected at 748 kg per hectare, one of the top yields on record for Pakistan. Favourable weather condition is likely to support the crop.

According to USDA latest report, global 2016/17 cotton ending stocks are revised up this month. World 2016-17 cotton production is projected at 104.24 million bales, around 8.07 per cent above last season. World ending stocks are now projected higher at 89.15 million bales. For India, production is forecast at 27.00 million bales, same as previous month's estimates and India's crop is estimated 2.27 per cent above 2015/16.

### Cotlook A Index

Cotlook A index remained range bound to weak during the week.

Global cotton consumption is likely to be around 24.39 million tons in season 2016-17, which was estimated to be around 24.21 million tons a month earlier. In the earlier estimates by



USDA, consumption was expected to rise and cotton consumption would be standing at around 0.6% higher compared to the previous season.

Cotlook A Index	Weekly Average Price as on		% Change
	29-Dec-16	22-Dec-16	
Prices	78.73	79.16	-0.5
Prices in US cents per Pound			

## China Cotton Index and Foreign Cotton Index

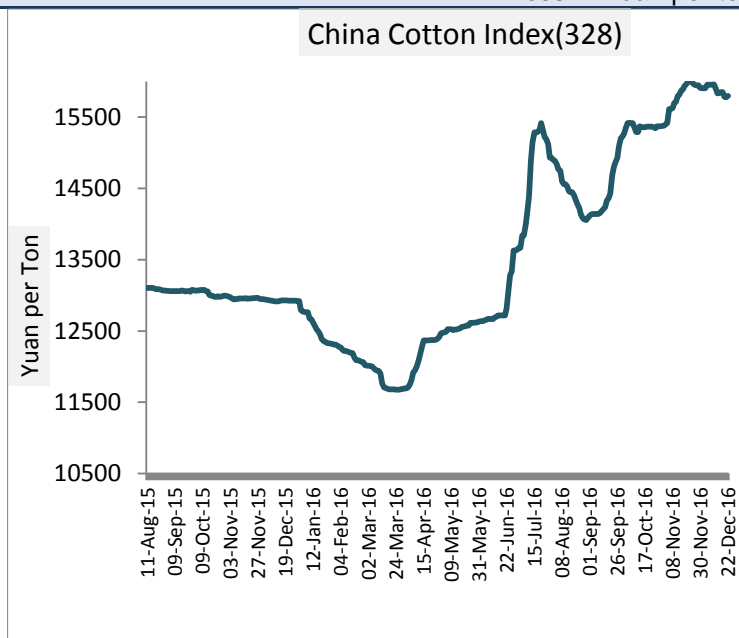
According to the National Bureau of Statistics, cotton production in China declined by 4.6 per cent in 2016 to 5.34 million tons compared to the previous year. Production has declined amid decline in acreage and yields. Acreage has declined by 11.1 per cent to 3.38 million hectares. Yields of cotton declined by 260,000 tons to 5.34 million tons.

In 2016, China's cotton yarn import declined by 30 per cent y-o-y to 960 mkg worth US\$2430 million. According to report released by [www.yarnsandfibers.com](http://www.yarnsandfibers.com) (YarnsandFibers), imports from India declined by 49 per cent to US\$560 million for 231 mkg. Price-wise, Pakistan was the cheapest supplier of cotton yarn for China, followed by India and then by Vietnam.

Cotton Index	Weekly Average Price as on		% Change
	29-Dec-16	22-Dec-16	
FC (S)	82.41	82.64	-0.28
FC (M)	79.08	79.26	-0.23
FC (L)	77.67	77.80	-0.17
Prices in US cents per Pound			

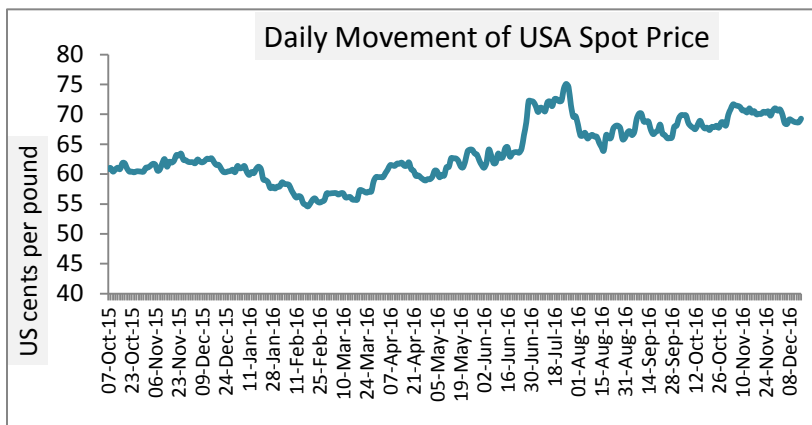
China Index remained weak during the week. CC Index (328) remained 14876 Yuan per ton during the week. Average was 14904 Yuan per ton during previous week.

Cotton Index	Weekly Average Price as on		% Change
	29-Dec-16	22-Dec-16	
CCIndex(229)	15813	15934	-0.76
CCIndex(328)	14876	14903	-0.18
CCIndex(527)	16182	16274	-0.57
Prices in Yuan per ton			



## USA Spot Prices

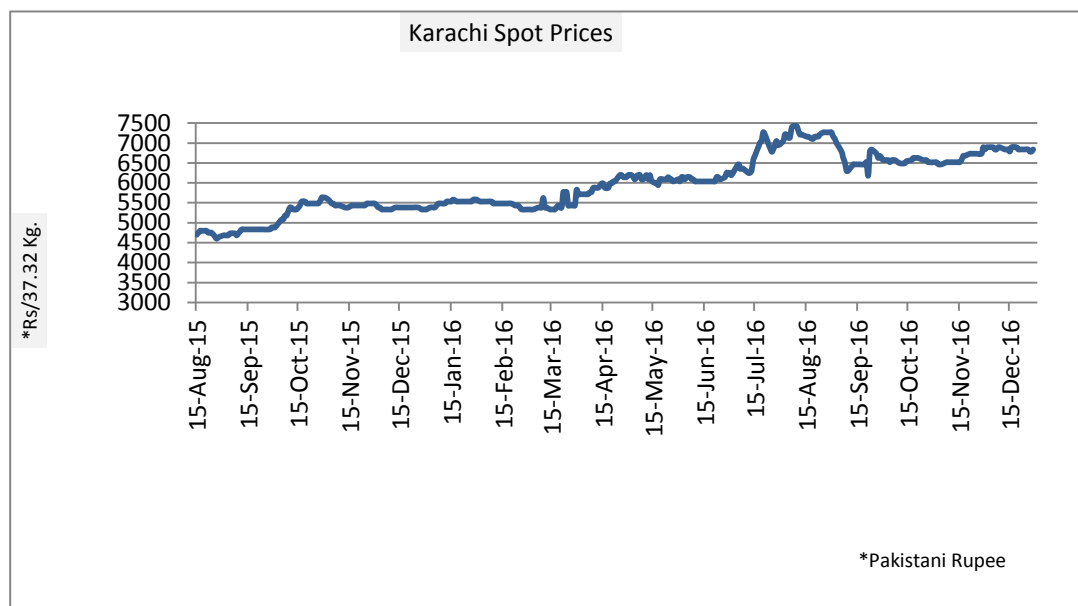
According to latest report of USDA latest report, global 2016/17 cotton ending stocks are revised down this month. Production in Brazil is estimated to be lower, based on arrivals at gins, but higher in Australia. World ending stocks are now projected at 87.35 million bales.



USA Spot Prices	Weekly Average Price as on		% Change
	29-Dec-16	22-Dec-16	
Prices	68.81	68.99	-0.26
Prices in US cents per Pound			

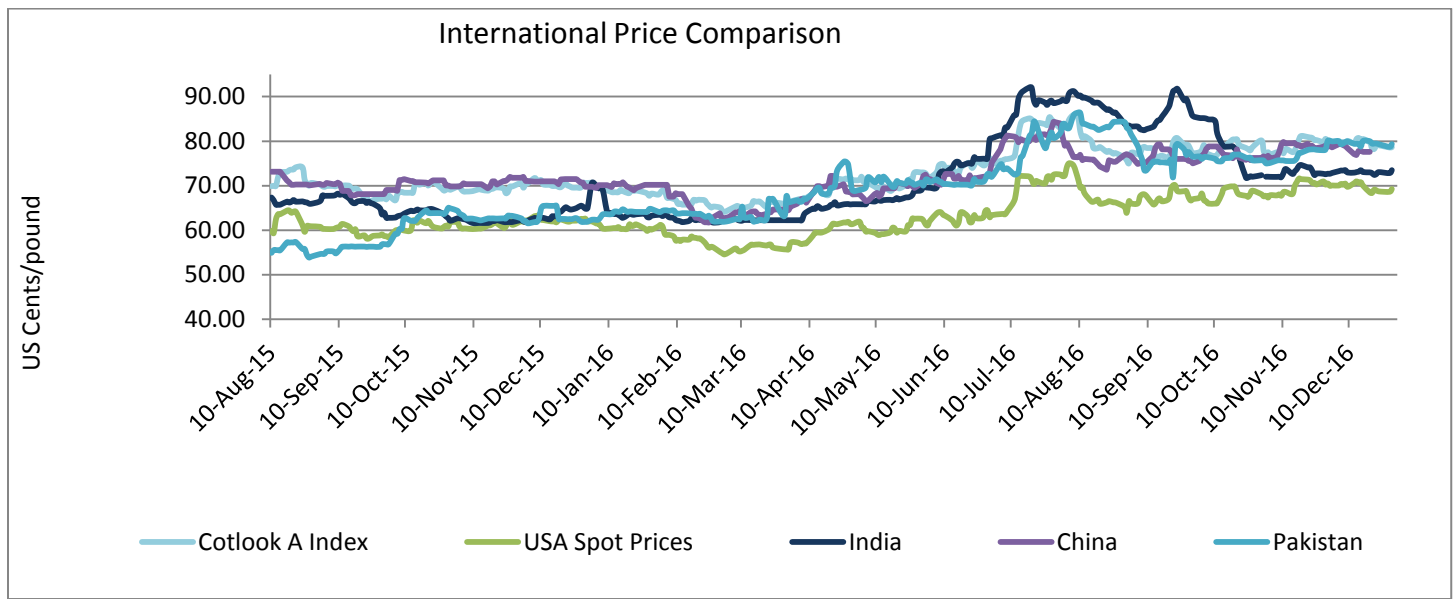
## Pakistan Spot Prices

Cotton's annual growth output in Pakistan has slowed to 12.3 per cent amid lower arrivals of seed cotton during the period December 01-15, 2016. Pakistan has harvested 10.147 million bales of cotton up to December 15, 2016 according to data released by the Pakistan Cotton Ginners Association. Seed cotton arrivals during the same



period declined by 3 per cent to 389,490 bales. According to the latest estimates, Pakistan is expected to produce 10.542 million bales during the current season.

Karachi Spot Prices	Weekly Average Price as on		% Change
	29-Dec-16	22-Dec-16	
Prices	6825	6865	-0.58
Prices in Rs per 37.32 Kg			

**International Price Comparison**

**Technical Analysis of Cotton Future (Mar'17 Contract) at ICE**

**Weekly Technical Outlook:**

- Candlesticks denote range –bound movement in the prices.
- Volume and Open Interest are declining.
- We expect cotton prices to remain range bound to weak.

**Expected Price Range During Coming Week**

Expected Trend	Expected Trading Band
Range bound to Bearish Momentum	68.00-73.00

**Expected Support and Resistance**

Support 1	Support 2	Resistance 1	Resistance 2
68.50	66.00	73.50	75.00

Figures in US cents/pound

### Cotton Future Prices at ICE

Contracts	29-Dec-2016	Week ago	Month ago	Year ago	%W-o-W change	% M-o-M change	%Y-o-Y change
Mar-17	70.50	70.20	71.30	NA	64.60	-1.12	NA
May-17	70.90	70.60	71.75	NA	0.43	-1.18	NA
Jul-17	71.26	70.99	71.75	NA	0.38	-0.68	NA
Oct-17	69.78	69.98	70.94	NA	-0.28	-1.64	NA
Dec-17	69.51	69.25	69.67	NA	0.37	-0.23	NA
Mar-18	69.44	69.16	NA	NA	0.40	NA	NA

### Domestic Cotton Prices and Arrivals at Key Centers

#### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Weekly Average Prices (Rs./Quintal)		Change
State	Centre	Variety	24th Dec to 30th Dec.16	17th Dec to 23th Dec.16	
Gujarat	Ahmedabad	Shankar-6	5350	5217	133
	Gondal	Shankar-6	NA	5775	-
	Rajkot	B.T. Cotton	5366	5320	46
	Patan	B.T. Cotton	5318	5198	120
	Kadi	B.T. Cotton	5392	5279	113
	Deesa	B.T. Cotton	5075	4883	192
	Dhrol	B.T. Cotton	5339	5243	97
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5304	5158	146
	Bhiwani	Desi	4183	4000	183
	Adampur	B.T. Cotton	5308	5149	159
	Fatehabad	B.T. Cotton	5326	5160	166
	Jind	B.T. Cotton	5409	5352	56
	Uchana	B.T. Cotton	5346	5212	134
	Dabwali	B.T. Cotton	5276	5108	168
Rajasthan	Hanumangarh	B.T. Cotton	5367	5273	94
	Rawatsar	B.T. Cotton	5300	5068	232
Madhya Pradesh	Khandwa	Mech-1	5213	5075	138
	Khargaon	Mech-1	5315	5158	158
Maharashtra	Amravati	Mech-1	5063	4975	88
	Jamner	Medium Staple	4863	4828	34
Uttar Pradesh	Hathras	B.T. Cotton	3950	3960	-10

	Hathras	Desi	4075	4130	<b>-55</b>
<b>Telangana</b>	Adilabad	Un-Ginned	5037	4974	<b>63</b>
<b>Andhra Pradesh</b>	Guntur	Un-Ginned	NA	4175	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	4600	-
	East Godavari	Un-Ginned	4160	4160	<b>Unch</b>
<b>Karnataka</b>	Bijapur	Bunny	5337	5251	<b>86</b>
	Hubli	D.C.H.	5509	5500	<b>9</b>
	Hubli	B.T. Cotton	6496	6634	<b>-138</b>
	Raichur	H-44 Cotton	5252	5240	<b>12</b>
<b>Commodity</b>	<b>Lint</b>		<b>Prices (Rs./Maund of 37.32kg each)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>24th Dec to 30th Dec.16</b>	<b>17th Dec to 23th Dec.16</b>	
<b>Punjab</b>	Bhatinda	J-34	4176	4121	<b>55</b>
	Abohar	J-34	4177	4120	<b>57</b>
	Mansa	J-34	4172	4119	<b>53</b>
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
<b>Haryana</b>	Sirsa	J-34	4104	4046	<b>58</b>
<b>Rajasthan</b>	Sri-Ganganagar	J-34	3760	3798	<b>-38</b>

**Cotton Arrivals in Key Centers:**

<b>Commodity</b>	<b>Kapas</b>		<b>Weekly Sum Arrivals (Quintal)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>24th Dec to 30th Dec.16</b>	<b>17th Dec to 23th Dec.16</b>	
<b>Gujarat</b>	Ahmedabad	Shankar-6	302600	374000	<b>-71400</b>
	Gondal	Shankar-6	NA	2784	-
	Rajkot	B.T. Cotton	18650	26800	<b>-8150</b>
	Patan	B.T. Cotton	110662	133293	<b>-22631</b>
	Kadi	B.T. Cotton	230000	365000	<b>-135000</b>
	Deesa	B.T. Cotton	4100	6575	<b>-2475</b>
	Dhrol	B.T. Cotton	2361	3299	<b>-938</b>
<b>Punjab</b>	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
<b>Haryana</b>	Bhiwani	B.T. Cotton	17000	9000	<b>8000</b>
	Bhiwani	Desi	550	250	<b>300</b>
	Adampur	B.T. Cotton	7140	6630	<b>510</b>
	Fatehabad	B.T. Cotton	6900	11500	<b>-4600</b>
	Jind	B.T. Cotton	1285	1623.5	<b>-338</b>

	Uchana	B.T. Cotton	13030	12035	995
	Dabwali	B.T. Cotton	12400	11800	600
Rajasthan	Hanumangarh	B.T. Cotton	11100	18800	-7700
	Rawatsar	B.T. Cotton	6700	12000	-5300
Madhya Pradesh	Khandwa	Mech-1	10000	22500	-12500
	Khargaon	Mech-1	19790	59100	-39310
Maharashtra	Amravati	Mech-1	131000	101550	29450
	Jamner	Medium Staple	1005	1623	-618
Uttar Pradesh	Hathras	B.T. Cotton	50	130	-80
	Hathras	Desi	NA	47	-
Telangana	Adilabad	Un-Ginned	47137	79041	-31904
Andhra Pradesh	Guntur	Un-Ginned	NA	810	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	4217	11480	-7263
	Hubli	D.C.H.	306	616	-310
	Hubli	B.T. Cotton	542	400	142
	Raichur	H-44 Cotton	4349	8804	-4455
Commodity	Lint		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	24th Dec to 30th Dec.16	17th Dec to 23th Dec.16	
Punjab	Bhatinda	J-34	46750	56440	-9690
	Abohar	J-34	8840	11220	-2380
	Mansa	J-34	6035	7310	-1275
Haryana	Sirsa	J-34	7939	14620	-6681
Rajasthan	Sri-Ganganagar	J-34	1000	2500	-1500

### Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				22th Dec to 29th Dec.16	16th Dec to 21st Dec.16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	28043	26580	1463
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	28843	27460	1383
J-34(202)	26mm	3.5 - 4.9	23	38571	37960	611
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38429	38000	429
Shankar-6(105)	29mm	3.5 - 4.9	28	39129	38780	349
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39786	39300	486

MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40500	40240	260
DCH-32(107)	34mm	3.0 - 3.8	33	53857	54200	-343

#### Disclaimer

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