

## **Current Market Outlook**

**Domestic Weekly Price Scenario:** Cotton spot prices witnessed positive tone during the week.

Average price of Kapas at Rajkot during the week was Rs. 6021 per quintal compared to the previous week price of Rs.5850 per quintal. Average price of Lint at Sirsa during the week was Rs. 4488 per maund (of 37.32 Kg each), compared to the previous week price of Rs 4352. Cotton fiber (Shankar-6) prices noticed firm tone this week. Average price was Rs 42100 per candy (of 355.6 kg each) during the week, which was Rs 41117 per candy previous week. Future price of cotton which was Rs 1018.50 a week earlier, (at NCDEX, April'17 contract) closed lower this week at Rs. 1012.50 per maund (of 20 kg each). which was Rs 1018.50 a week earlier.

**Cotton Price Outlook (For Coming Week):** In the coming week we expect Kapas price to remain range bound to weak with the price band of Rs. 5500-6000 per quintal in the bench mark market. Lint price at Sirsa is likely to be in range of Rs 4200-4500 per maund. Kapas prices at NCDEX (April'17 contract), is expected to hover in the range of Rs. 1000-1050 per maund (of 20 kg each).

**Major Market Highlights:** According to industry sources, cotton supplies in the Indian spot markets declined by 15.9 per cent to 10.8 million bales during October –December 2016 compared to same corresponding period previous year. Supplies declined amid demonetization by the Indian government in the first week of November 2016.

In its mid season estimates, Cotton Association Of India (CAI) has revised its cotton crop estimate downward at 341 lakh bales for the 2016-17 season compared to the earlier estimates of 346 lakh bales estimated in October. CAI projected total cotton supply of 404 lakh bales, with domestic consumption at 290 lakh bales, thereby leaving an available surplus of 114 lakh bales in its crop estimates for December 2016.

According to the Cotton Corporation Of India (CCI), producing contamination free cotton is the biggest duty for the country. Indian cotton is sold at discounted rates in comparison to equivalent foreign cotton. Contamination is mainly at farm level due to small land holdings by farmers, manual picking and different climatic conditions. Indian cotton is mostly contaminated with various foreign materials like jute twine, dust, plastic, fibre during handling at farm level and processing of cotton in ginning and pressing factories according to industry sources.

According to the latest release by the Cotton Corporation of India (CCI), total cotton consumption in India is likely to be 313 lakh bales in 2017 compared to 312 lakh bales during the previous season. Acreage under cotton is likely to decline by 12 per cent to 105 lakh hectares compared to previous season amid delayed rains, fear of pest attacks and farmers shifting over to other crops. Production is likely to increase by 4 per cent to 351 lakh bales during the current season.

## AW Cotton Index – 29 Jan. 2017

The Agriwatch Agri Commodities Index rose 0.49% to 115.21 during the week ended Jan 28, 2017 from 114.66 during the previous week led by gains in cereals prices (rice and maize). The base for the Index and all sub-Indices is 2014 (= 100).



The Fiber Index declined by -0.51% week-on-week.



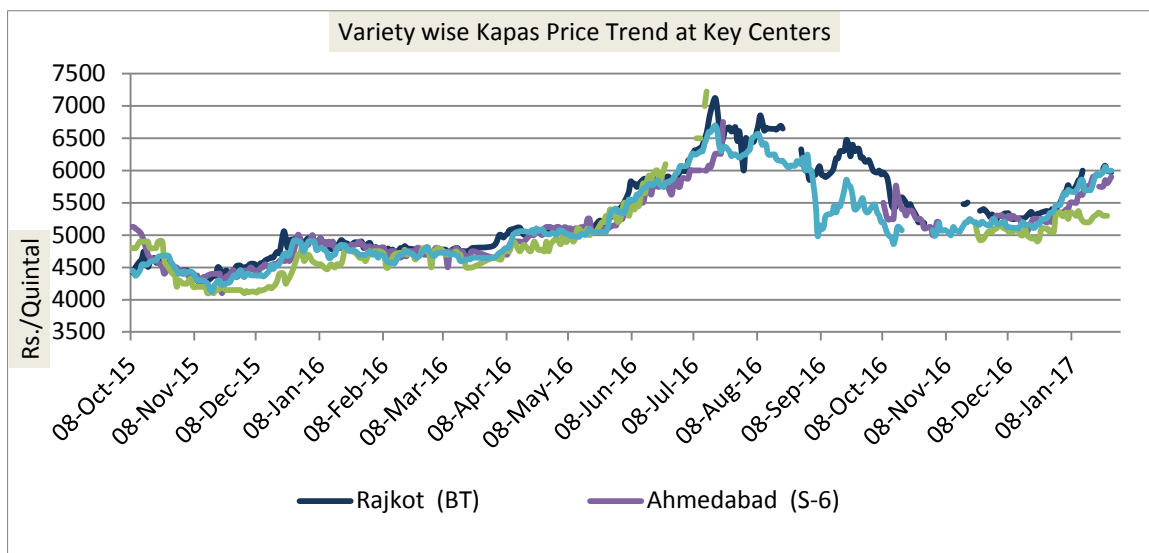
"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. The indices include an Aggregate Index, Category Indices and individual commodity indices. The weekly indices are free to access on our website [www.agriwatch.com](http://www.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. 6021 per quintal compared to the previous week price of Rs. 5850 per quintal.



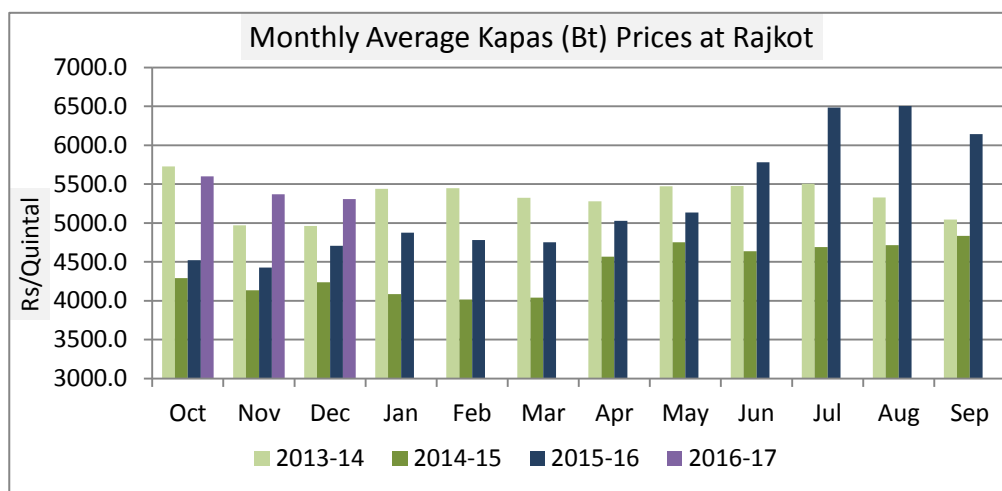
According to latest

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 5500-6000 per quintal for the coming week.

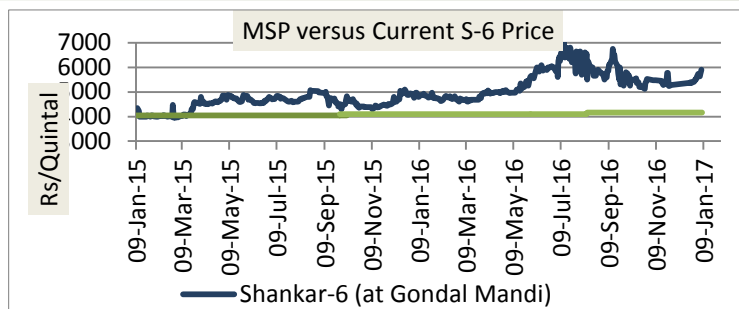
### Kapas Monthly Y-o-Y Price Scenario

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



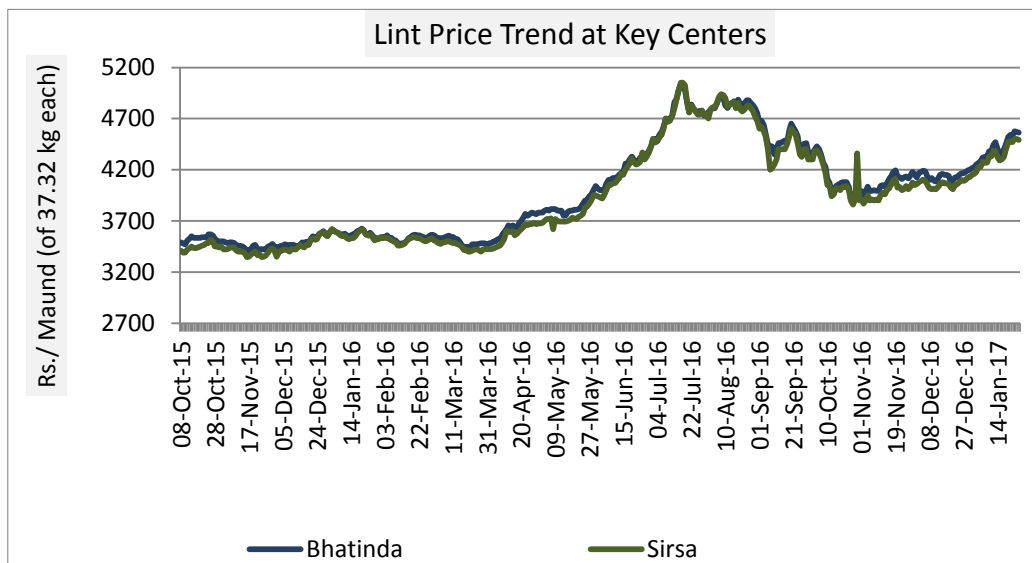
### Spot Price versus MSP

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. 1697.50 this week compared to Rs 1522.50 a week earlier. This indicates declining prices. are declining.



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

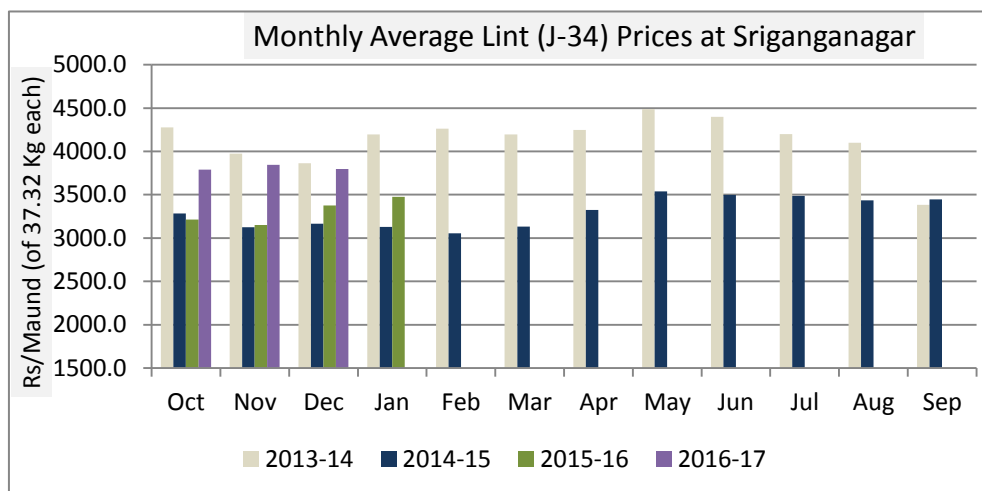
Weekly Price Review: Lint prices remained firm during the week owing to bullish sentiment prevailing in market. Weekly average price of Lint at Sirsa remained Rs. 4488 per maund of 37.32 kg each, higher compared to the previous week price of Rs. 4352 per maund.



Weekly Price Outlook: Lint prices are expected to remain range bound to weak during the week. We expect Lint at Sirsa to remain in the range of Rs. 4200-4500 per maund.

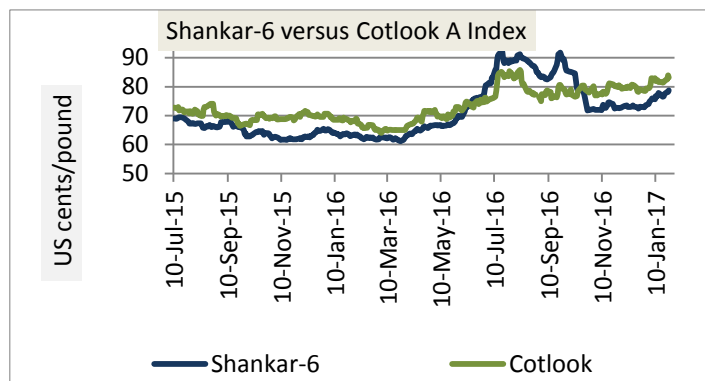
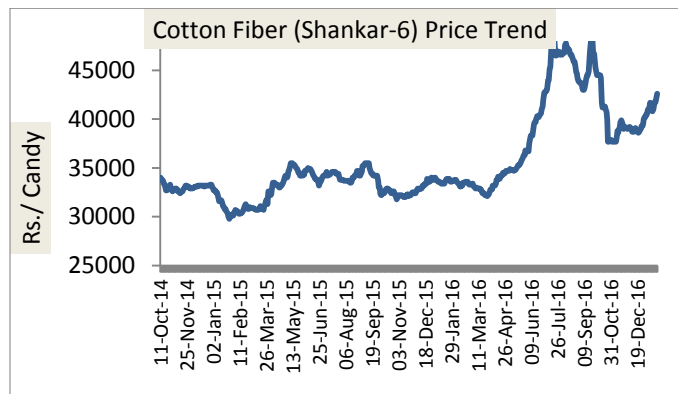
### Lint Monthly Y-o-Y Price Scenario

Monthly average price at Sri Ganganagar in December was Rs.3797/Qtl compared to Rs.3844/Qtl in November.



### 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.42100 per candy (of 355.6 kg each) compared to Rs. 41117 per candy in the previous week.

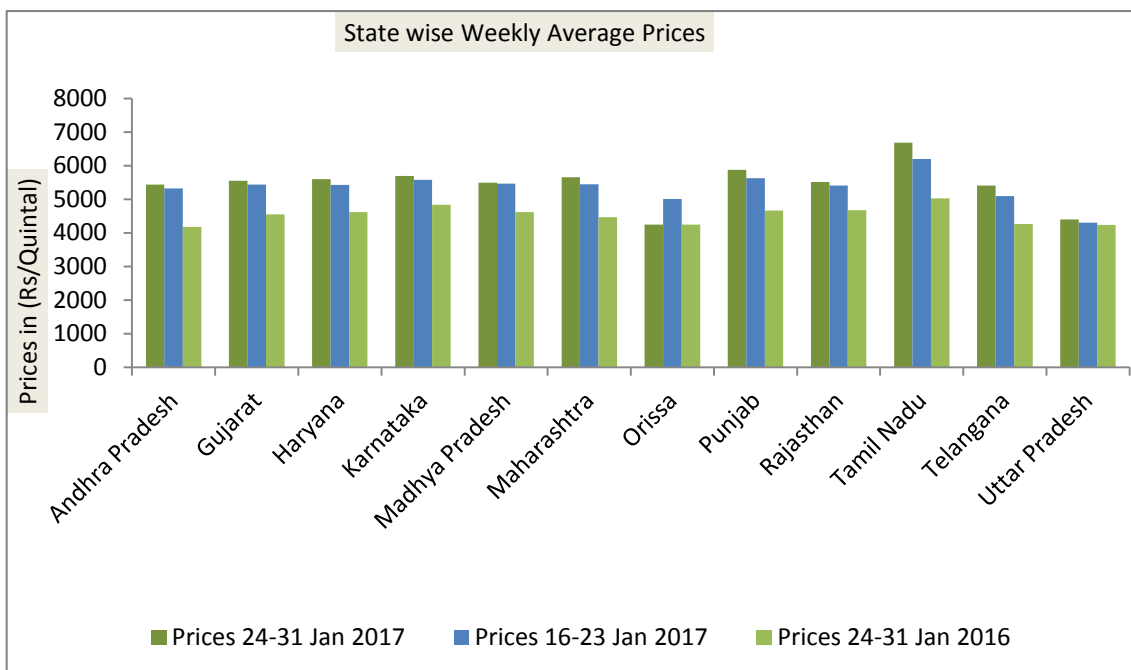


Indian Fiber price versus International Fiber Price: Indian fiber prices are ruling below the international price. Against the weekly average Cotlook A Index of 82.91 cents/pound, Indian weekly average price stood at 78.13 cents/pound, making Indian fiber competitive in international market.

Weekly Price Outlook: Shankar-6 price in the coming week is expected to hover in range of Rs 40000-45000 per candy.

### State wise Weekly Price Scenario

On week on week basis, prices are by and large showing firm trend in most of the States, highest price was recorded in Tamil Nadu followed by Punjab this week and lowest was in Orissa followed by Uttar Pradesh. 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.



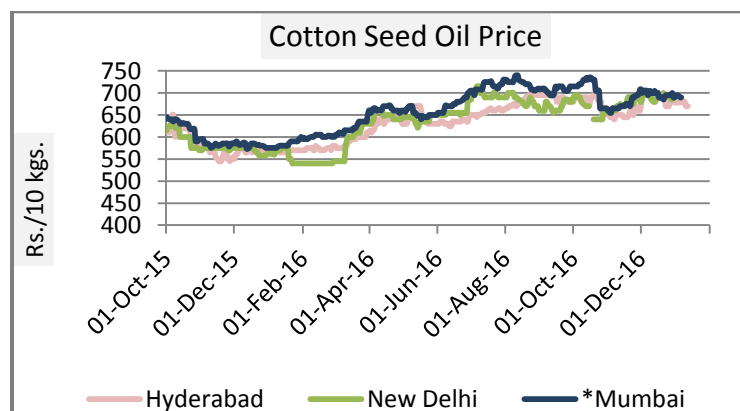
## Cotton Seed Oil and Cotton Seed Oil Cake

### Cotton Seed Oil Weekly Price Scenario

Cotton seed oil price noticed firm tone during the week. Weekly average price in New Delhi remained Rs 704 per 10 Kg, higher compared to the weekly average price of Rs 700 per 10 Kg in previous week.

Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	27-Jan-17	19-Jan-17	
New Delhi	704	700	0.64
Rajkot	713	701	1.71
Hyderabad	667	664	0.38
Mumbai*	696	690	0.85

\*Vat Included

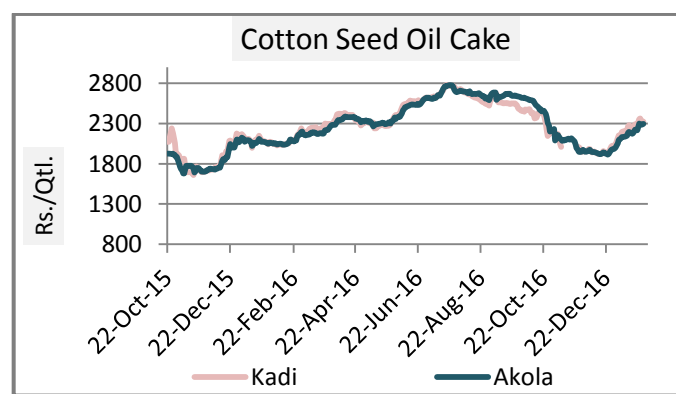


### Cotton Seed Oil Cake Weekly Price Scenario

Cotton seed oil cake price noticed positive tone during the week. Weekly average price in Akola remained Rs 2267 per quintal, higher compared to the weekly average price of Rs 2194 per quintal in the previous week.

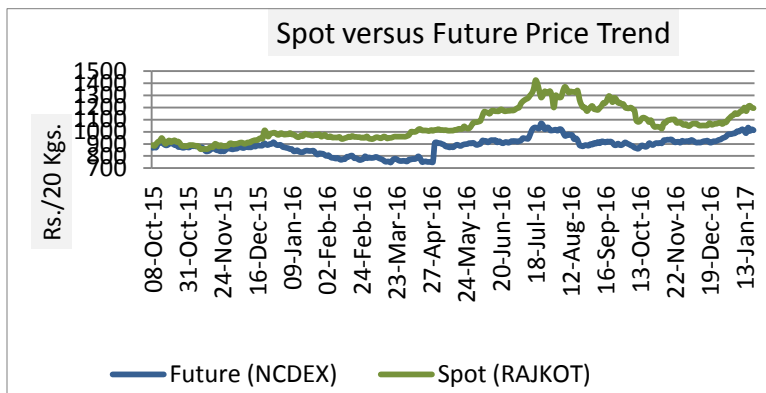
Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	27-Jan-17	19-Jan-17	
Kadi	2323	2264	2.58
Akola	2267	2194	3.30

\*Source: NCDEX



### Cotton Spot and Future Price Trend

Cotton future price closed lower this week. Kapas at NCDEX (April'17) closed at Rs. 1012.50 as on 27 Jan 2017, compared to 1018.50 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.185.60 which was Rs 188.50 a week earlier.



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



#### Weekly Technical Outlook:

- Kapas prices noticed weak tone during the week.
- RSI is declining in the neutral zone.
- MACD signal line and center line denotes bullish crossover.

#### Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range-bound To Weak Momentum	1000-1050

#### Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
1000	975	1030	1050

Figures in Rs/20 Kg



## International Market Scenario

International cotton prices remained range bound to firm during the week. Cotlook A index weekly average stood at 82.91 cents/pound this week, which was 81.53 cents/pound during last week.

**Major Market Highlights:** Brazilian cotton prices are likely to be firm in 2017 amid lower output of harvested cotton from the 2015- 16 crop and lower ending stocks of the same crop. According to CONAB, 2017 began with cotton inventories at only 162,900 tons, the lowest level since 2010-11 and although an increase in the 2016-17 crop is expected, availability of cotton in the market is estimated at 1.6 million tons, a volume last observed in the 2009-10 season.

According to the latest Chinese customs data, cotton yarn imports declined by 15.9% to 1.97 million tons in 2016 compared with 2015.

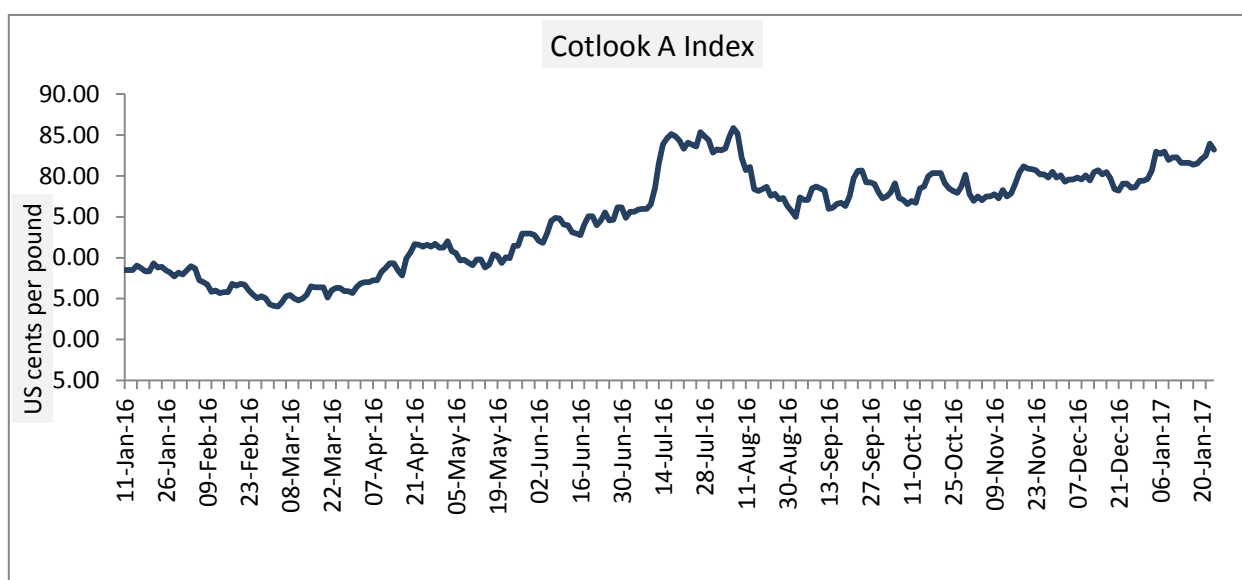
According to USDA latest report, global 2016/17 cotton ending stocks are revised up this month. World 2016-17 cotton production is projected at 104.24 million bales, around 8.07 per cent above last season. World ending stocks are now projected higher at 89.15 million bales. For India, production is forecast 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 firm during the week.

Global cotton consumption is likely to be around 24.33 million tons in season 2016-17, which was estimated to be around

24.39 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
	26-Jan-17	19-Jan-17	
Prices	82.91	81.53	1.7
Prices in US cents per Pound			



## China Cotton Index and Foreign Cotton Index

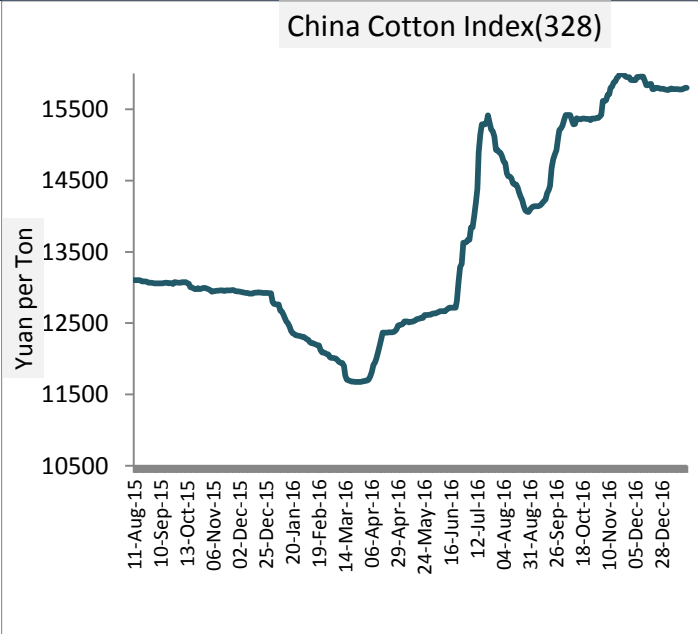
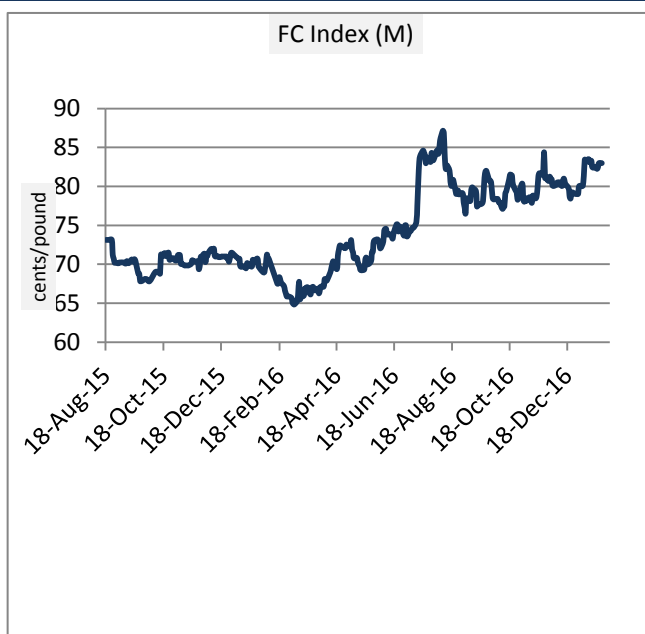
According to the National Bureau of Statistics, cotton production in China declined by 4.6 per cent in 2016 to 5.34 million tons compared to the previous year. Production has declined amid decline in acreage and yields. Acreage has declined by 11.1 per cent to 3.38 million hectares. Yields of cotton 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
	26-Jan-17	19-Jan-17	
FC (S)	85.52	85.12	0.47
FC (M)	83.00	82.58	0.51
FC (L)	81.26	80.86	0.49
Prices in US cents per Pound			

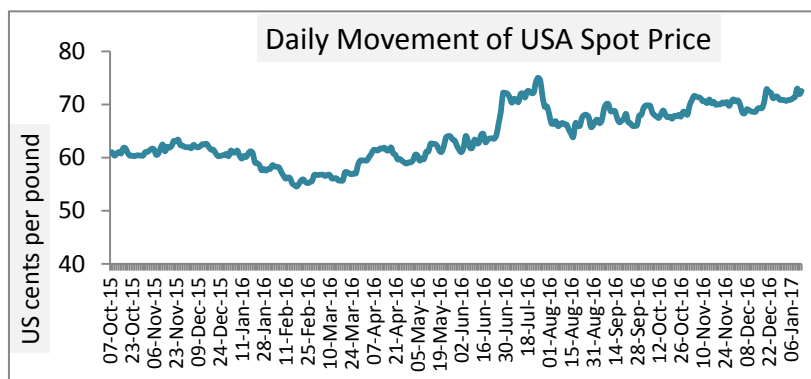
China Index remained weak during the week. CC Index (328) remained 14846 Yuan per ton during the week. Average was 14849 Yuan per ton during previous week.

Cotton Index	Weekly Average Price as on		% Change
	26-Jan-17	19-Jan-17	
CCIndex(229)	15786	15783	0.02
CCIndex(328)	14840	14846	-0.04
CCIndex(527)	16154	16130	0.15
Prices in Yuan per ton			



## USA Spot Prices

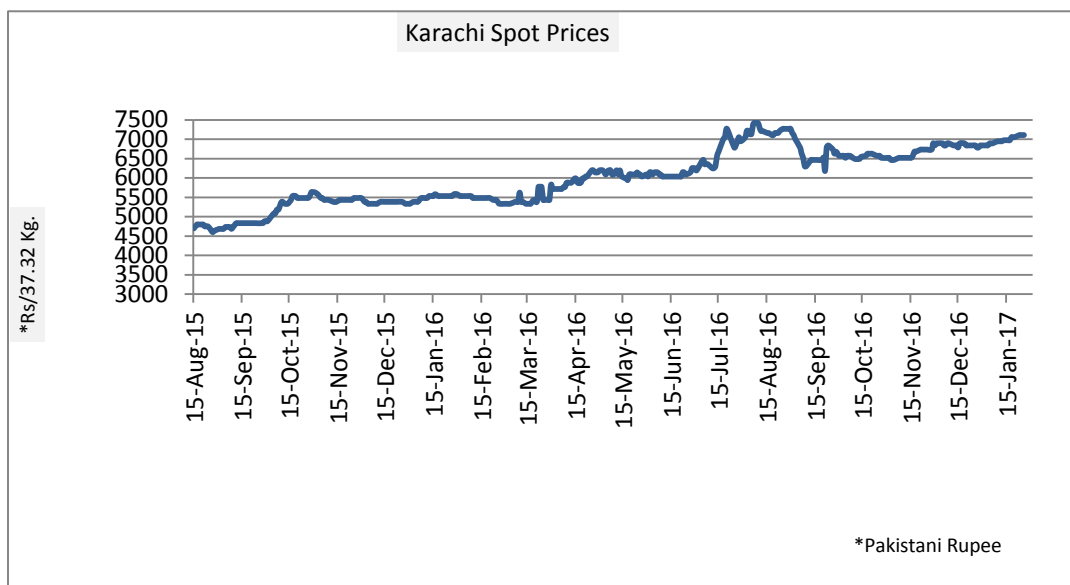
According to latest report of USDA latest report, global 2016/17 cotton ending stocks are revised up this month. Production in Pakistan is estimated to be lower, based on arrivals at gins, but higher in China. World ending stocks are now projected at 90.65 million bales.



USA Spot Prices	Weekly Average Price as on		% Change
	26-Jan-17	19-Jan-17	
Prices	72.05	70.91	1.61
Prices in US cents per Pound			

## Pakistan Spot Prices

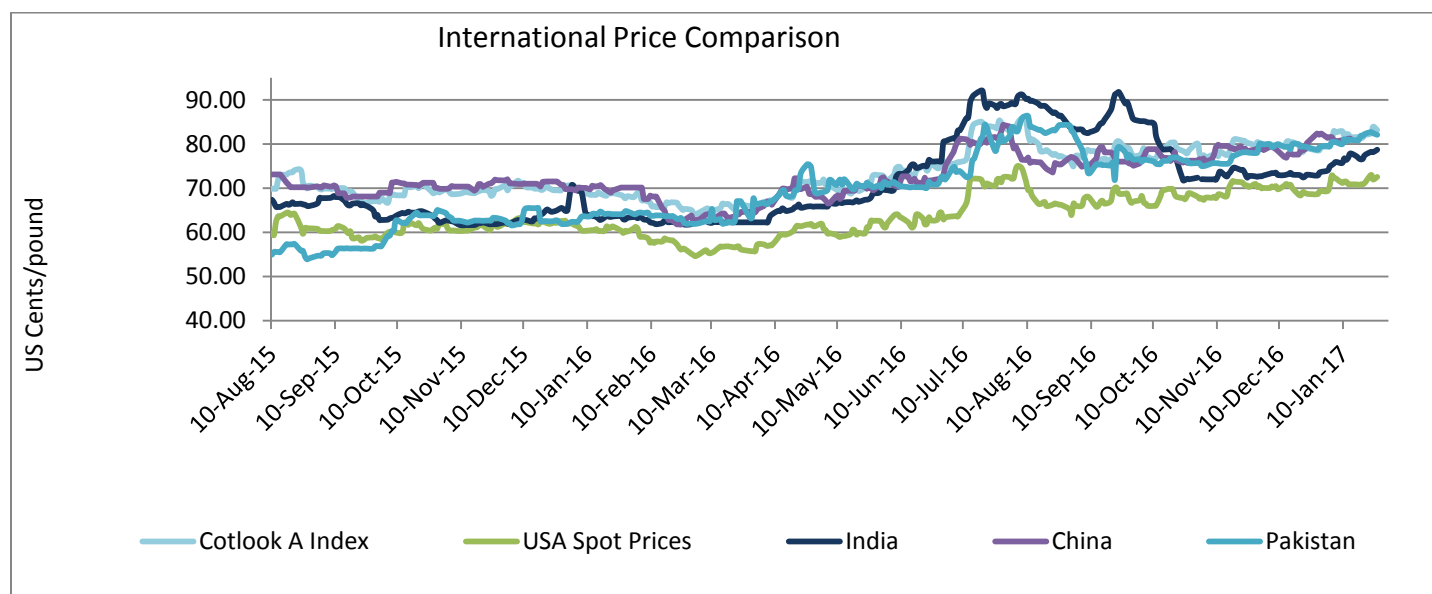
Cotton's annual growth output in Pakistan has slowed to 12.3 per cent amid lower arrivals of seed cotton during the period December 01-15, 2016. Pakistan has harvested 10.147 million bales of cotton up to December 15, 2016 according to data released by the Pakistan Cotton Ginners Association. Seed cotton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



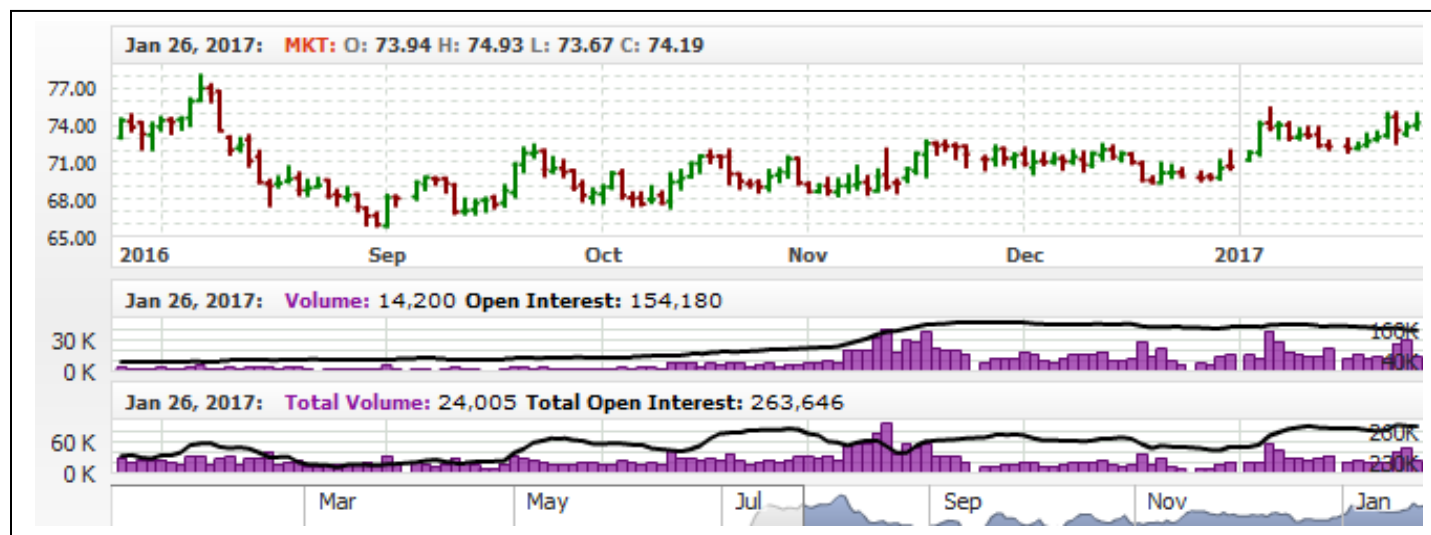
period declined by 3 per cent to 389,490 bales. According to the latest estimates, Pakistan is expected to produce 10.542 million bales during the current season.

Karachi Spot Prices	Weekly Average Price as on		% Change
	26-Jan-17	19-Jan-17	
Prices	7098	7009	1.26
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 firm tone in the prices.
- Volume and Open Interest are increasing.
- We expect cotton prices to remain range bound to firm.

### Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range bound to Bullish Momentum	72.00-77.00

### Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
72.50	70.00	75.00	78.00

Figures in US cents/pound

**Cotton Future Prices at ICE**

Contracts	26-Jan	Week Ago	Month ago	Year Ago	%W-o-W change	%M-o-M change	%Y-o-Y change
Mar-17	74.19	72.69	69.87	62.59	64.60	6.18	18.53
May-17	74.70	73.26	70.27	NA	1.98	6.30	NA
Jul-17	75.25	73.81	70.67	NA	1.97	6.48	NA
Oct-17	72.22	71.57	69.30	NA	0.88	4.21	NA
Dec-17	71.46	71.13	68.97	NA	0.46	3.61	NA
Mar-18	71.44	71.26	68.88	NA	0.25	3.72	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	21st To 27th Jan.17	14th To 20th Jan.17	
Gujarat	Ahmedabad	Shankar-6	5940	5810	130
	Gondal	Shankar-6	NR	5815	-
	Rajkot	B.T. Cotton	6021	5850	171
	Patan	B.T. Cotton	5875	5741	134
	Kadi	B.T. Cotton	5840	5745	95
	Deesa	B.T. Cotton	5305	5051	254
	Dhrol	B.T. Cotton	5985	5727	258
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	6104	5897	207
	Bhiwani	Desi	5140	4937	203
	Adampur	B.T. Cotton	5992	5790	202
	Fatehabad	B.T. Cotton	5970	5705	265
	Jind	B.T. Cotton	6063	5883	180
	Uchana	B.T. Cotton	5972	5844	128
	Dabwali	B.T. Cotton	5854	5746	108
Rajasthan	Hanumangarh	B.T. Cotton	5956	5870	86
	Rawatsar	B.T. Cotton	5890	5618	272
Madhya Pradesh	Khandwa	Mech-1	5690	5610	80
	Khargaon	Mech-1	5811	5645	166
Maharashtra	Amravati	Mech-1	5315	5238	78
	Jamner	Medium Staple	5183	5146	37
Uttar Pradesh	Hathras	B.T. Cotton	4440	4247	193

	Hathras	Desi	4675	4540	135
Telangana	Adilabad	Un-Ginned	5450	5373	77
Andhra Pradesh	Guntur	Un-Ginned	4200	4200	Unch
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4160	4160	Unch
Karnataka	Bijapur	Bunny	6233	5897	336
	Hubli	D.C.H.	6057	5950	107
	Hubli	B.T. Cotton	6800	6689	111
	Raichur	H-44 Cotton	5867	5742	125
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	21st To 27th Jan.17	14th To 20th Jan.17	
Punjab	Bhatinda	J-34	4556	4416	140
	Abohar	J-34	4551	4420	131
	Mansa	J-34	4540	4417	123
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4488	4352	136
Rajasthan	Sri-Ganganagar	J-34	4592	4562	30

#### Cotton Arrivals in Key Centers:

Commodity	Kapas		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	21st To 27th Jan.17	14th To 20th Jan.17	
Gujarat	Ahmedabad	Shankar-6	263500	221000	42500
	Gondal	Shankar-6	NR	5956	-5956
	Rajkot	B.T. Cotton	27000	5250	21750
	Patan	B.T. Cotton	59058	47122	11936
	Kadi	B.T. Cotton	220000	140000	80000
	Deesa	B.T. Cotton	98	138	-39
	Dhrol	B.T. Cotton	2441	1728	713
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	13500	9000	4500
	Bhiwani	Desi	700	400	300
	Adampur	B.T. Cotton	4590	5270	-680
	Fatehabad	B.T. Cotton	3250	4250	-1000
	Jind	B.T. Cotton	1445	1071	374

	Uchana	B.T. Cotton	2600	7802	-5202
	Dabwali	B.T. Cotton	5300	6050	-750
Rajasthan	Hanumangarh	B.T. Cotton	7500	9000	-1500
	Rawatsar	B.T. Cotton	6400	4300	2100
Madhya Pradesh	Khandwa	Mech-1	9000	15500	-6500
	Khargaon	Mech-1	14841	49160	-34319
Maharashtra	Amravati	Mech-1	119000	145000	-26000
	Jamner	Medium Staple	948	1384	-436
Uttar Pradesh	Hathras	B.T. Cotton	305	1275	-970
	Hathras	Desi	NR	90	-90
Telangana	Adilabad	Un-Ginned	8315	35263	-26948
Andhra Pradesh	Guntur	Un-Ginned	1851	875	976
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	12636	8617	4019
	Hubli	D.C.H.	220	334	-114
	Hubli	B.T. Cotton	22	18	4
	Raichur	H-44 Cotton	7371	7424	-53
Commodity	Lint		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	21st To 27th Jan.17	14th To 20th Jan.17	
Punjab	Bhatinda	J-34	23800	23800	Unch
	Abohar	J-34	4590	3570	1020
	Mansa	J-34	4335	3400	935
Haryana	Sirsa	J-34	3230	4250	-1020
Rajasthan	Sri-Ganganagar	J-34	4163	6005	-1842

### Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				20th To 26th Jan.17	13th To 19th Jan.17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	31740	30533	1207
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	32740	31533	1207
J-34(202)	26mm	3.5 - 4.9	23	42260	41067	1193
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	41540	40550	990
Shankar-6(105)	29mm	3.5 – 4.9	28	42100	41117	983
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42880	41733	1147
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43180	42350	830

DCH-32(107)	34mm	3.0 - 3.8	33	55800	54967	833
-------------	------	-----------	----	-------	-------	-----

**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 <http://www.agriwatch.com/Disclaimer.asp> © 2016 Indian Agribusiness Systems Pvt Ltd.