

Current Market Outlook

Domestic Weekly Price Scenario: Cotton spot markets noticed mixed tone during the week.

Average price of Kapas at Rajkot during the week was Rs. 5939 per quintal compared to the previous week price of Rs.5929 per quintal. Average price of Lint at Sirsa during the week was Rs. 4581 per maund (of 37.32 Kg each), compared to the previous week price of Rs 4506. Cotton fiber (Shankar-6) prices noticed firm tone this week. Average price was Rs 42767 per candy (of 355.6 kg each) during the week, which was Rs 42167 per candy previous week. Future price of cotton (at NCDEX, April'17 contract) closed higher this week at Rs. 1022.50 per maund (of 20 kg each) which was Rs 1018.00 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. 5700-6200 per quintal in the bench mark market. Lint price at Sirsa is likely to be in range of Rs 4300-4600 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: India's cotton imports have increased by 20% from the beginning of the season since October 2016 amid lower supply in the domestic market due to demonetization. According to sources at Indian Cotton Federation, traders and mills had contracted imports of 7 lakh bales in the first five months of the cotton year since October 2016. At the harvest of the new crop cotton prices were around Rs.38,000 per candy and currently prices are at around Rs.43,000 per candy.

The government is likely to reduce the royalty for Bt cotton seeds gradually to zero in the coming years. According to official sources at agriculture ministry, there is another 10% reduction in royalty value, which was reduced to 70% a year ago. The royalty value has been just 6% of the pan-India ceiling price of Rs.800 (about \$12) per packet for the seed. About 83% of the country's cotton area of 10.2 million hectares (in the 2016-17 season) was under Bt variety. The country's cotton production has increased since the introduction of Bt seeds — from 13.6 million bales in 2002-03 to a projected 32.12 million bales in 2016-17.

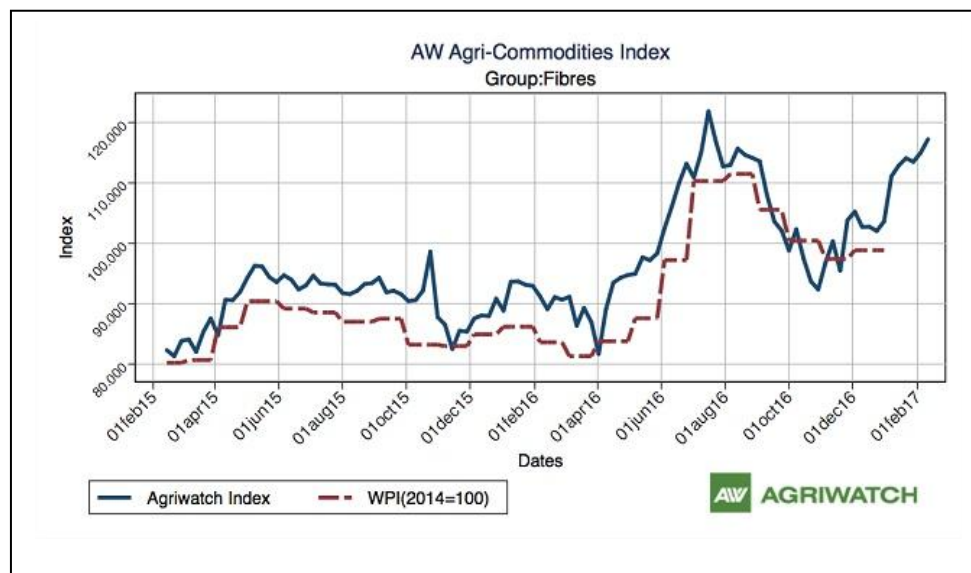
According to industry sources, Indian cotton exporters have cancelled orders for around 25,000 bales and postponed shipments of about 200,000 bales by up to a month amid lack of availability in the domestic market. Cotton prices have increased to around Rs.6000/qtl levels in the domestic market amid good demand from the mills and lower supply. Farmers are holding stocks in anticipation of better prices in the future. Some Indian textile mills have started importing cheaper fibre from the global markets. Imported cotton is around 2 cents/lb lower than the domestic cotton. Higher prices in the domestic market will help other suppliers like Brazil, United States and the African countries to boost their exports.

AW Cotton Index – 12 Feb. 2017

The Agriwatch Agri Commodities Index fell 0.50% to 114.27 during the week ended Feb 11, 2017 from 114.85 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).



The Fiber Index increased by +1.94% 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. The daily indices are available on subscription. Please contact for more details."

Domestic Cotton Prices Scenario

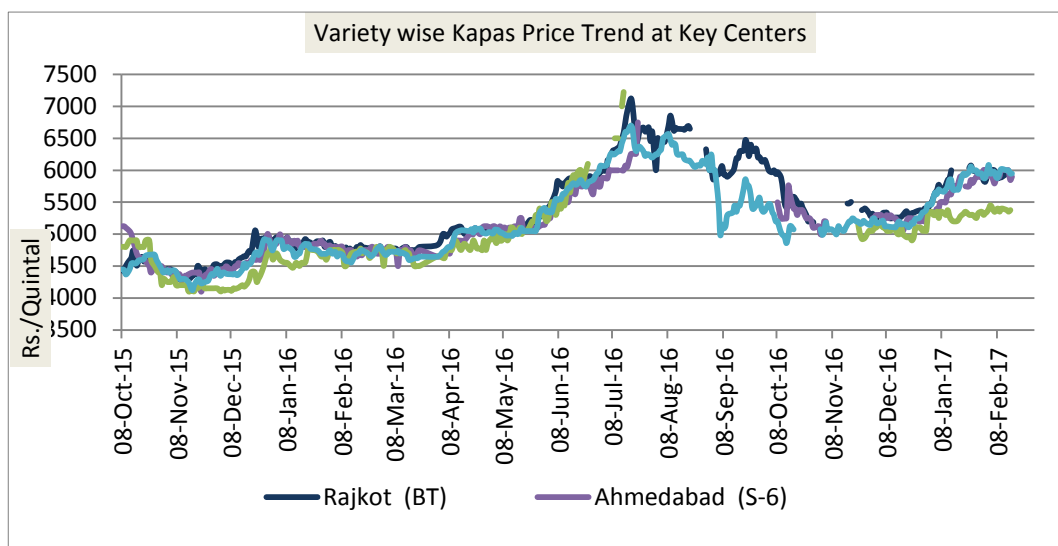
Kapas (Raw Cotton) Weekly Price Scenario

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. 5939 per quintal compared to the previous week price of Rs. 5929 per quintal.

According to latest report of USDA attaché, report, India's 2016/17 cotton production forecast is 27.00 million 480 lb.

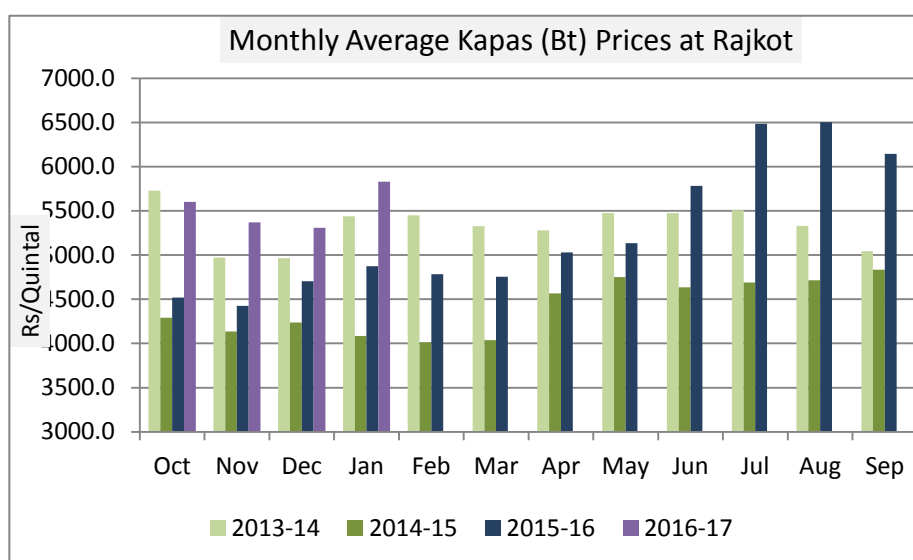
bales on marginally lower acreage of 11.8 million hectares. Higher yields are expected through a combination of better crop, pest, and weed management practices and assuming a normal monsoon

Weekly Price Outlook: Kapas prices are expected to remain range-bound to firm in coming days. The expected range for Kapas at Rajkot is Rs 5700-6200 per quintal for the coming week.



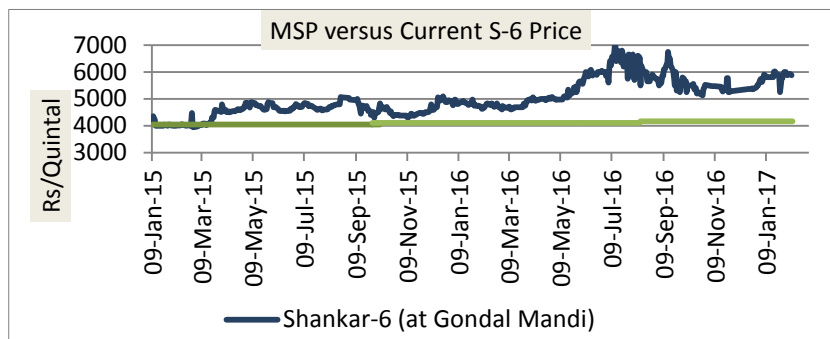
Kapas Monthly Y-o-Y Price Scenario

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



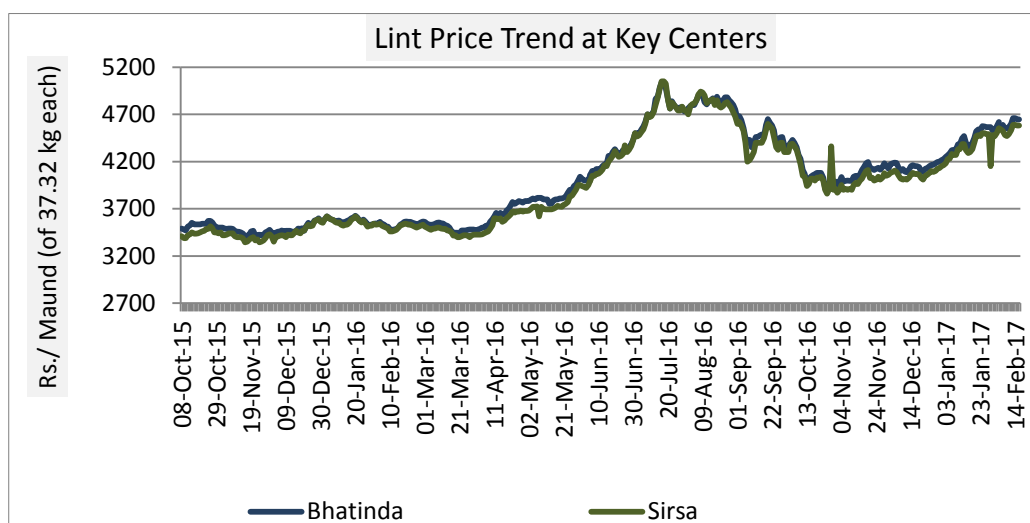
Spot Price versus MSP

The Kapas prices are ruling above the MSP so far. The gap between the two prices has narrowed this week. The average gap between the prices was Rs.1750 this week compared to Rs.1768.33 a week earlier. This indicates prices are declining.



Lint (De-Seeded Cotton) Weekly Price Scenario

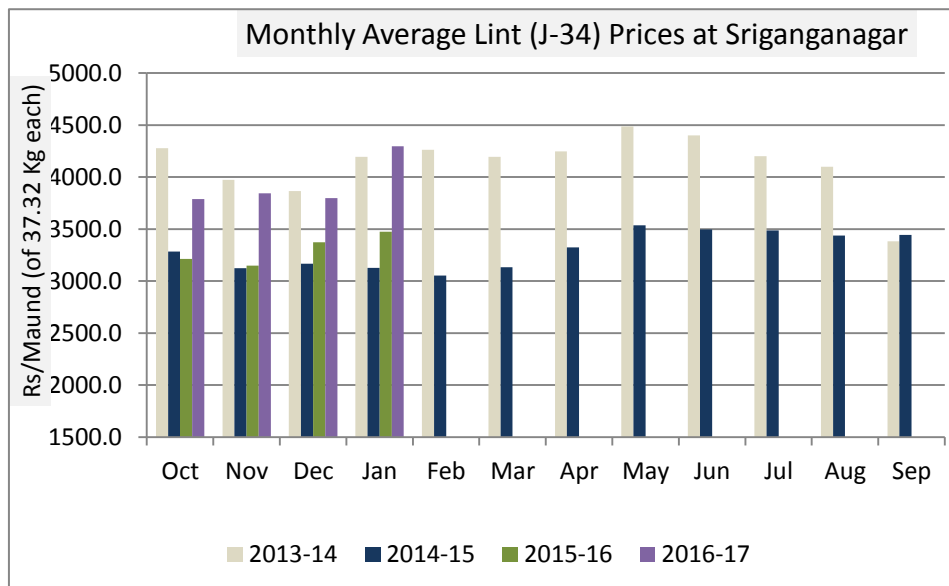
Weekly Price Review: Lint prices remained firm during the week owing to mixed tone prevailing in market. Weekly average price of Lint at Sirsa remained Rs. 4581 per maund of 37.32 kg each, higher compared to the previous week price of Rs. 4506 per maund.



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. 4300-4600 per maund.

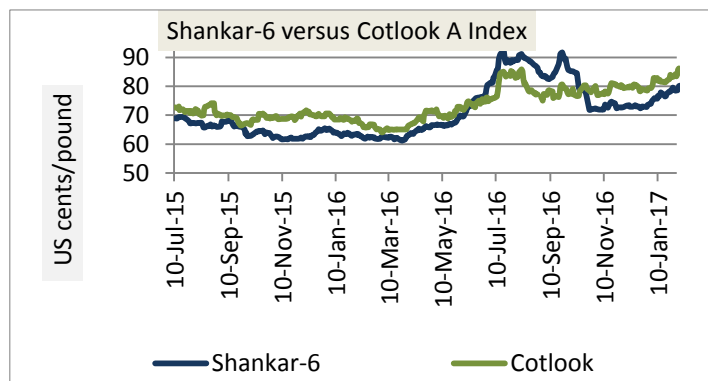
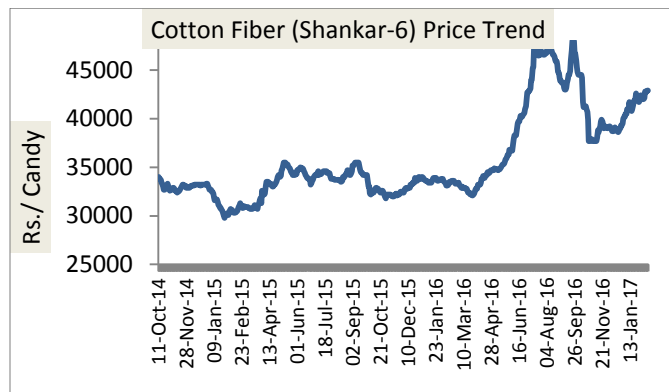
Lint Monthly Y-o-Y Price Scenario

Monthly average price at Sri Ganganagar in January was Rs.4298/Qtl compared to Rs.3797/Qtl in December.



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.42767 per candy (of 355.6 kg each) compared to Rs. 42167 per candy in the previous week.

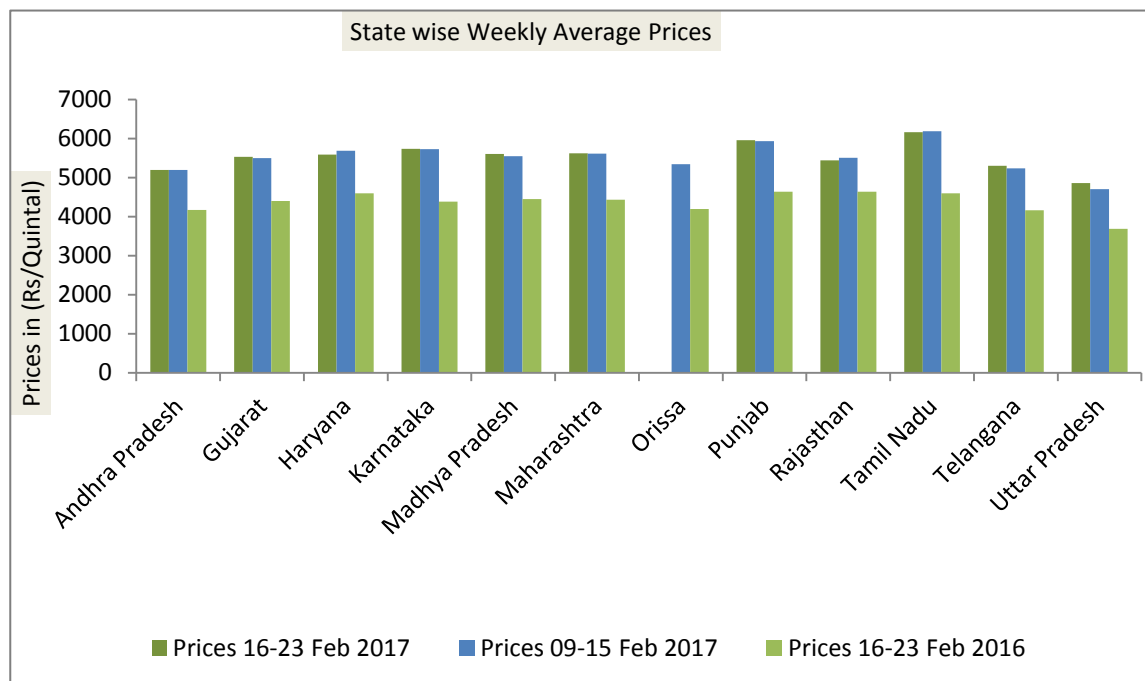


Indian Fiber price versus International Fiber Price: Indian fiber prices are ruling below the international price. Against the weekly average Cotlook A Index of 85.95 cents/pound, Indian weekly average price stood at 81.45 cents/pound, making Indian fiber competitive in international market.

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 Uttar Pradesh followed by Andhra 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.



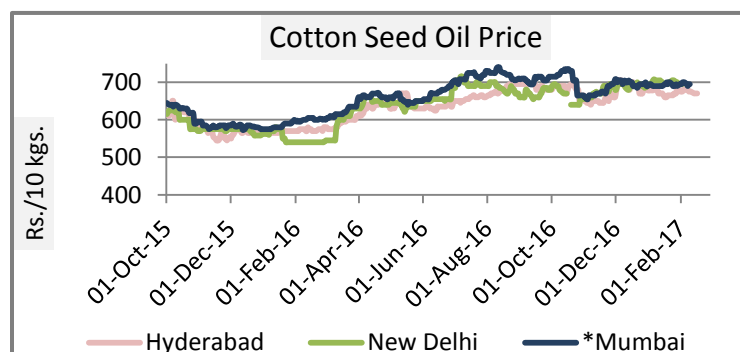
Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil Weekly Price Scenario

Cotton seed oil price noticed weak tone during the week. Weekly average price in New Delhi remained Rs 696 per 10 Kg, higher compared to the weekly average price of Rs 703 per 10 Kg in previous week.

Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	16-Feb-17	09-Feb-17	
New Delhi	696	703	-0.93
Rajkot	689	702	-1.81
Hyderabad	671	678	-1.08
Mumbai*	695	696	-0.12

*Vat Included

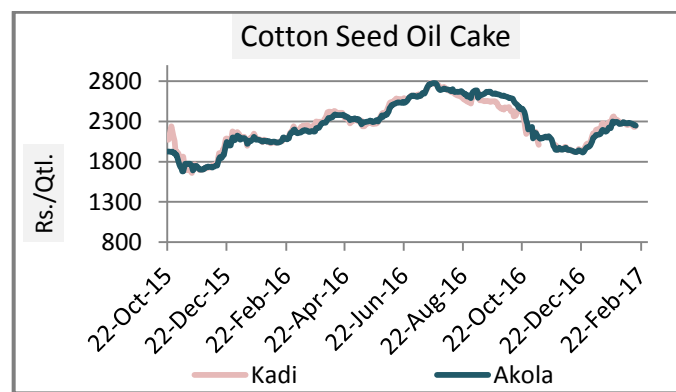


Cotton Seed Oil Cake Weekly Price Scenario

Cotton seed oil cake price witnessed easy tone during the week. Weekly average price in Akola remained Rs 2261 per quintal, higher compared to the weekly average price of Rs 2281 per quintal in the previous week.

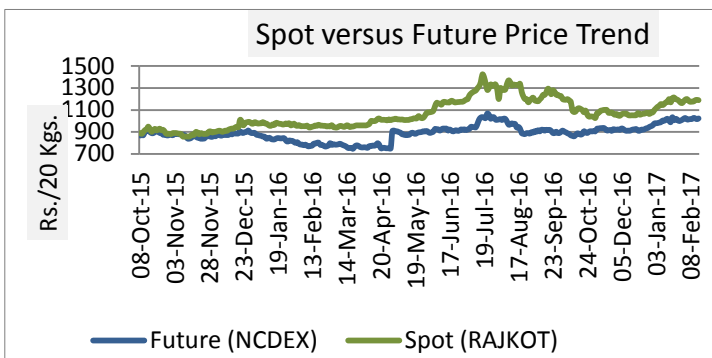
Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	16-Feb-17	09-Feb-17	
Kadi	2244	2271	-1.15
Akola	2261	2281	-0.87

*Source: NCDEX



Cotton Spot and Future Price Trend

Cotton future price closed lower this week. Kapas at NCDEX (April'17) closed at Rs. 1022.50 as on 16 Feb 2017, compared to 1018.00 a week earlier. The gap between the spot and future prices has decreased. Average gap between the spot and future price during the week was Rs.164.80 which was Rs 168.50 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	1050	1080
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 85.95 cents/pound this week, which was 85.31 cents/pound during last week.

Major Market Highlights: In its first estimate of the 2017/18 crop, the International Cotton Advisory Committee predicts that world cotton output will rise by 2% to 23.4 million tons. The expansion is the result of an increase in planted area, which is expected to grow by 5% to 30.6 million hectares after two seasons of contraction. After improving by 13% to 781 kg/ha in 2016/17, the world average yield is projected to decline by 2% to 764 kg/ha.

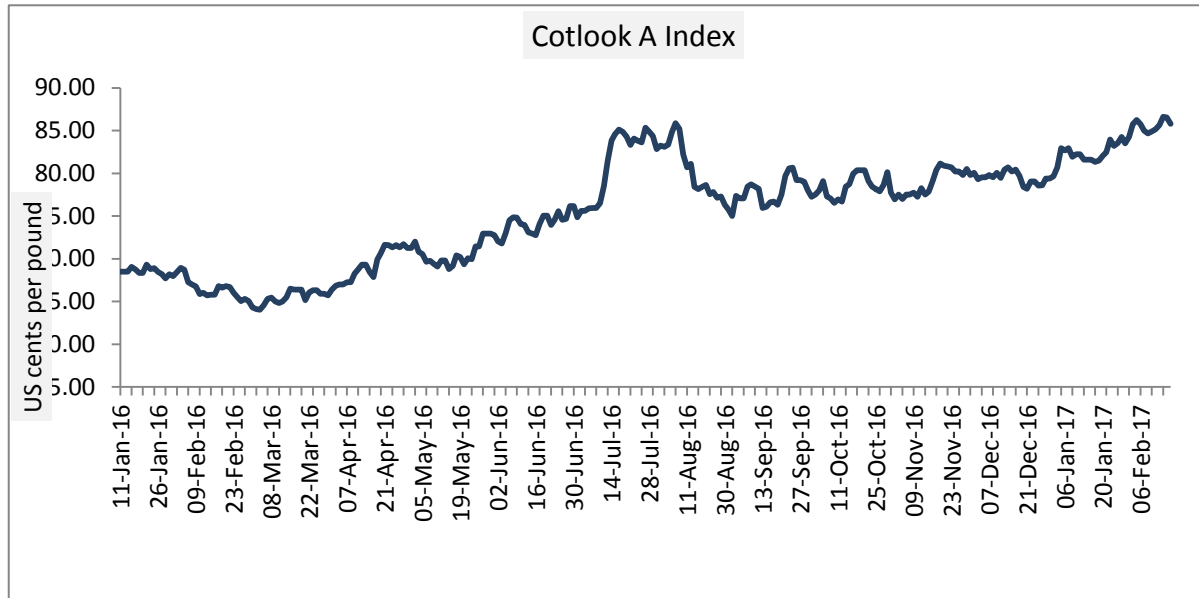
Uzbekistan, one of the major cotton producing countries is planning to process all cotton produced in the country into textiles, by 2020. Currently the country processes around 40 per cent of the cotton and exports textiles to over 50 countries. The country plans to invest around \$2.2 billion to achieve the goal, half of which the country expects to come from foreign investments. There is also a plan to build textile complexes, which will house facilities beginning from spinning till processing of fabrics.

According to USDA latest report, global 2016/17 cotton ending stocks are revised down this month. World 2016-17 cotton production is projected at 105.42 million bales, around 9.28 per cent above last season. World ending stocks are now projected higher at 89.90 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
	16-Feb-17	09-Feb-17	
Prices	85.95	85.31	0.8
Prices in US cents per Pound			

China Cotton Index and Foreign Cotton Index

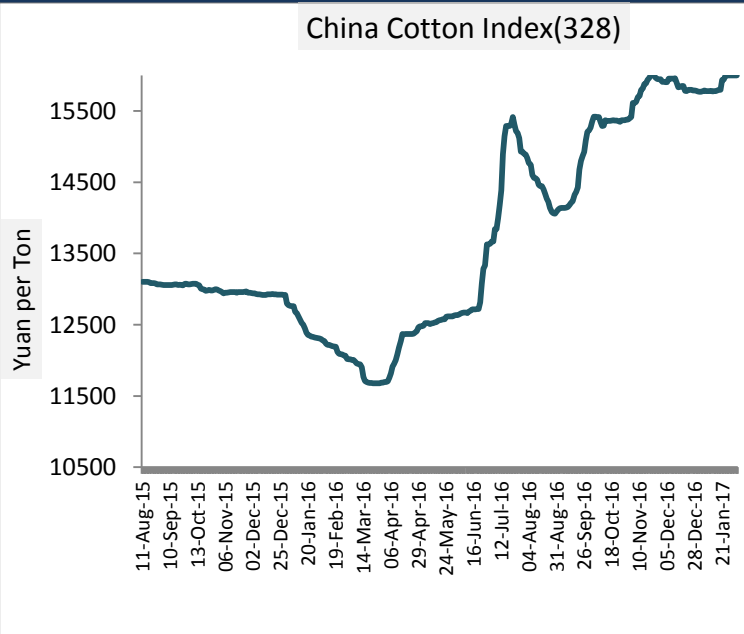
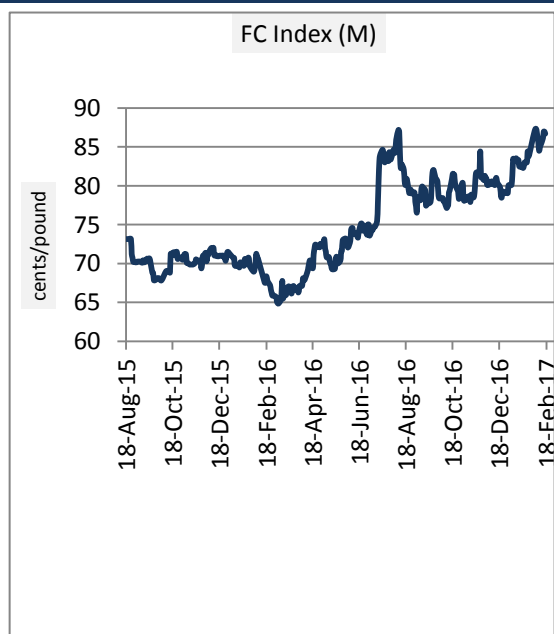
According to the National Bureau of Statistics, cotton production in China declined by 4.6 per cent in 2016 to 5.34 million tons compared to the previous year. Production has declined amid decline in acreage and yields. Acreage has declined by 11.1 per cent to 3.38 million hectares. Yields of cotton 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 (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
	16-Feb-17	09-Feb-17	
FC (S)	88.89	88.03	0.97
FC (M)	86.37	85.65	0.84
FC (L)	84.85	83.99	1.03
Prices in US cents per Pound			

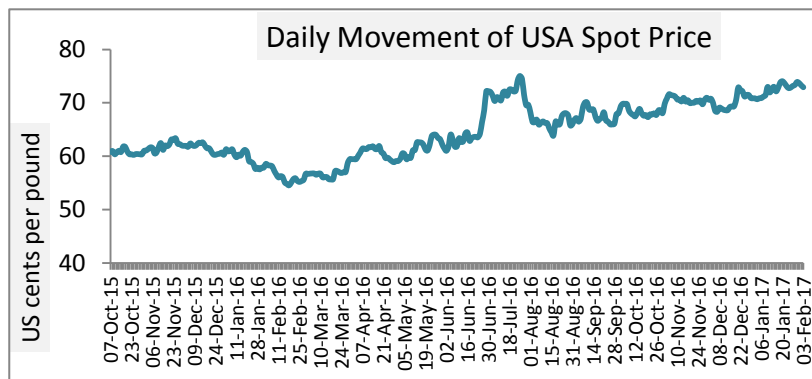
China Index remained firm during the week. CC Index (328) remained 15035 Yuan per ton during the week. Average was 14999 Yuan per ton during previous week.

Cotton Index	Weekly Average Price as on		% Change
	16-Feb-17	09-Feb-17	
CCIndex(229)	16000	15975	0.16
CCIndex(328)	15035	14999	0.24
CCIndex(527)	16422	16379	0.26
Prices in Yuan per ton			



USA Spot Prices

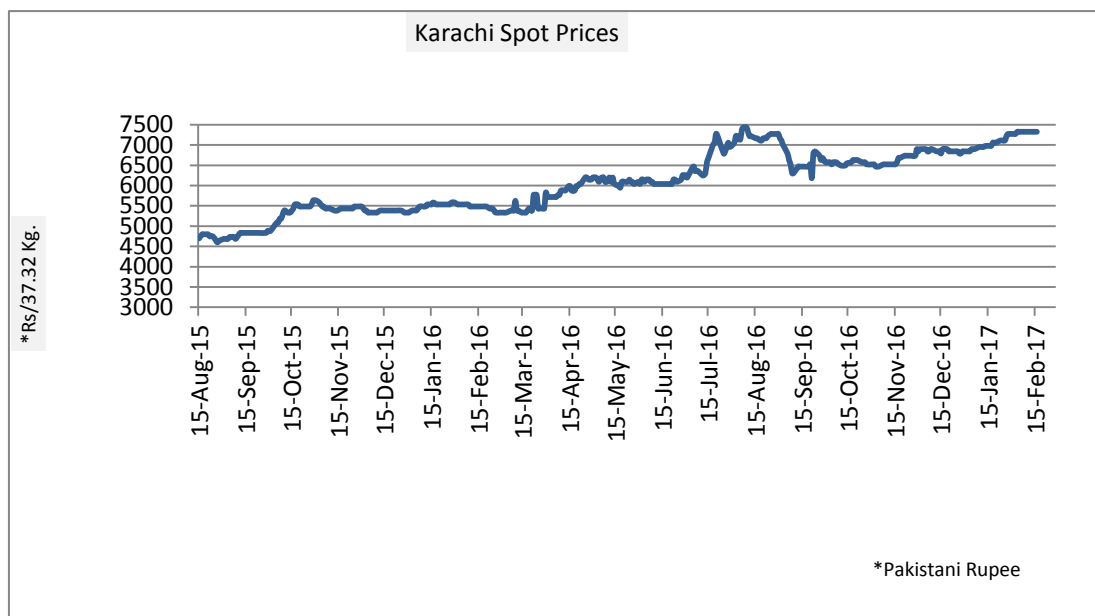
According to latest report of USDA latest report, global 2016/17 cotton ending stocks are revised down this month. Production in Pakistan is estimated to be lower, based on arrivals at gins, but higher in China. World ending stocks are now projected at 90.65 million bales.



USA Spot Prices	Weekly Average Price as on		% Change
	16-Feb-17	09-Feb-17	
Prices	73.46	73.15	0.42
Prices in US cents per Pound			

Pakistan Spot Prices

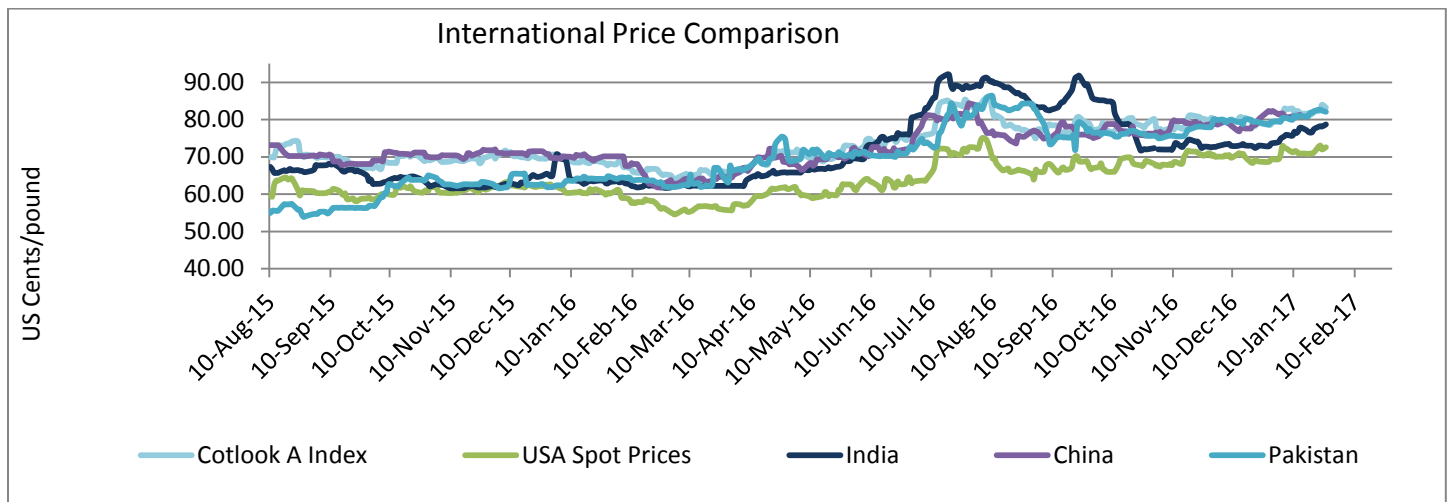
Cotton's annual growth output in Pakistan has slowed to 12.3 per cent amid lower arrivals of seed cotton during the period December 01-15, 2016. Pakistan has harvested 10.147 million bales of cotton up to December 15, 2016 according to data released by the Pakistan Cotton Ginners Association. Seed cotton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



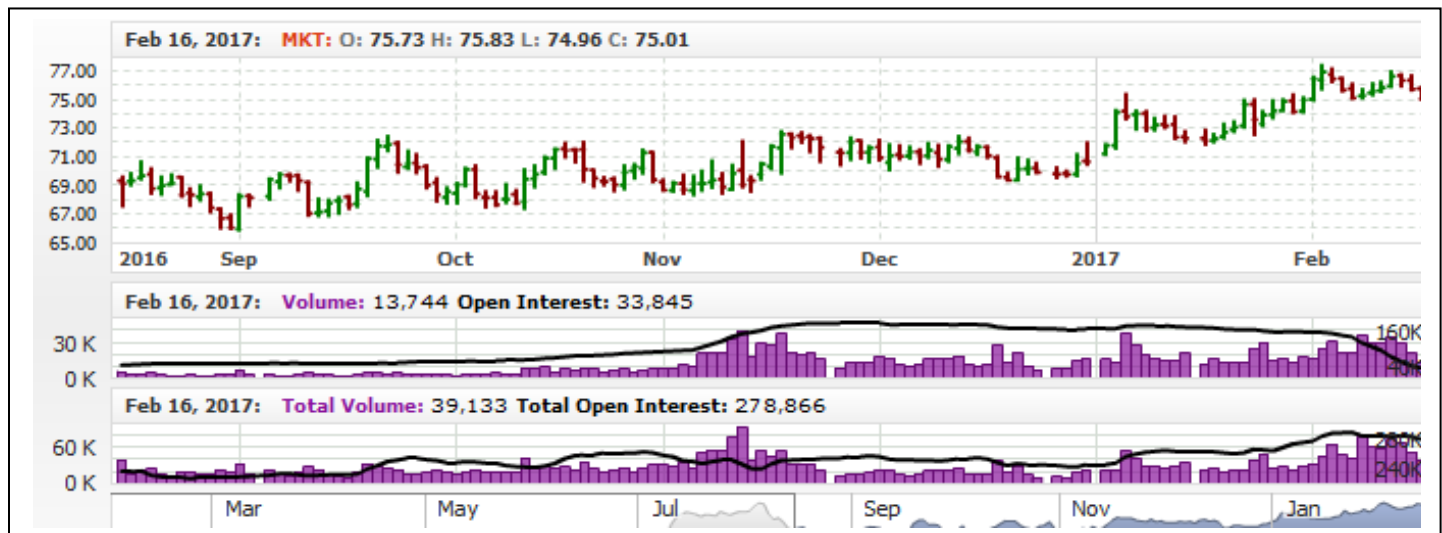
by 3 per cent to 389,490 bales. According to the latest estimates, Pakistan is expected to produce 10.542 million bales during the current season.

Karachi Spot Prices	Weekly Average Price as on		% Change
	16-Feb-17	09-Feb-17	
Prices	7325	7325	0.00
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 weak tone 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	72.00-78.00

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
73.50	72.00	76.50	78.00

Figures in US cents/pound

Cotton Future Prices at ICE

Contracts	09-Feb	Week Ago	Month ago	Year Ago	%W-o-W change	%M-o-M change	%Y-o-Y change
Mar-17	75.01	75.58	72.27	60.70	-0.75	3.79	23.57
May-17	76.77	76.65	72.76	NA	0.16	5.51	NA
Jul-17	77.60	77.41	73.27	NA	0.25	5.91	NA
Oct-17	74.08	74.21	71.48	NA	-0.17	3.64	NA
Dec-17	74.33	74.16	70.90	NA	0.23	4.84	NA
Mar-18	74.68	74.7	71.15	NA	-0.03	4.96	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	11th to 17th Feb.17	04th to 10th Feb.17	
Gujarat	Ahmedabad	Shankar-6	5880	5942	-62
	Gondal	Shankar-6	5902	5928	-26
	Rajkot	B.T. Cotton	5939	5929	10
	Patan	B.T. Cotton	5832	5825	7
	Kadi	B.T. Cotton	5840	5900	-60
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5811	5839	-28
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	6194	6105	89
	Bhiwani	Desi	5580	5517	63
	Adampur	B.T. Cotton	5958	5947	11
	Fatehabad	B.T. Cotton	5973	5932	41
	Jind	B.T. Cotton	6120	6145	-25
	Uchana	B.T. Cotton	5994	5937	56
	Dabwali	B.T. Cotton	5863	5848	15
Rajasthan	Hanumangarh	B.T. Cotton	5989	5965	24
	Rawatsar	B.T. Cotton	5950	5915	35
Madhya Pradesh	Khandwa	Mech-1	5666	5738	-72
	Khargaon	Mech-1	5807	5823	-16
Maharashtra	Amravati	Mech-1	5375	5388	-13
	Jamner	Medium Staple	5391	5372	19
Uttar Pradesh	Hathras	B.T. Cotton	4762	4600	162
	Hathras	Desi	NA	NA	-

Telangana	Adilabad	Un-Ginned	5470	5532	-62
Andhra Pradesh	Guntur	Un-Ginned	4833	4600	233
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	5800	NA	-
	East Godavari	Un-Ginned	4160	4160	Unch
Karnataka	Bijapur	Bunny	6085	6049	36
	Hubli	D.C.H.	6126	6174	-48
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5943	5912	30
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	11th to 17th Feb.17	04th to 10th Feb.17	
Punjab	Bhatinda	J-34	4647	4571	76
	Abohar	J-34	4647	4573	74
	Mansa	J-34	4637	4569	68
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4581	4506	75
Rajasthan	Sri-Ganganagar	J-34	4795	4646	149

Cotton Arrivals in Key Centers:

Commodity	Kapas		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	11th to 17th Feb.17	04th to 10th Feb.17	
Gujarat	Ahmedabad	Shankar-6	348500	399500	-51000
	Gondal	Shankar-6	13366	13007	359
	Rajkot	B.T. Cotton	18575	30375	-11800
	Patan	B.T. Cotton	22637	38769	-16132
	Kadi	B.T. Cotton	250000	255000	-5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	2774	3545	-771
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	13500	19500	-6000
	Bhiwani	Desi	600	1600	-1000
	Adampur	B.T. Cotton	3230	5185	-1955
	Fatehabad	B.T. Cotton	3700	3750	-50
	Jind	B.T. Cotton	732	1656	-924
	Uchana	B.T. Cotton	14780	13340	1440

	Dabwali	B.T. Cotton	2760	4400	-1640
Rajasthan	Hanumangarh	B.T. Cotton	5500	8500	-3000
	Rawatsar	B.T. Cotton	4000	4500	-500
Madhya Pradesh	Khandwa	Mech-1	16300	14000	2300
	Khargaon	Mech-1	36600	46040	-9440
Maharashtra	Amravati	Mech-1	71000	94000	-23000
	Jamner	Medium Staple	1275	1950	-675
Uttar Pradesh	Hathras	B.T. Cotton	870	250	620
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	46776	66900	-20124
Andhra Pradesh	Guntur	Un-Ginned	345	130	215
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	11667	17022	-5355
	Hubli	D.C.H.	144	354	-210
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6298	10059	-3761
Commodity	Lint		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	11th to 17th Feb.17	04th to 10th Feb.17	
Punjab	Bhatinda	J-34	25500	25500	Unch
	Abohar	J-34	5610	5610	Unch
	Mansa	J-34	4080	4165	-85
Haryana	Sirsa	J-34	5610	6970	-1360
Rajasthan	Sri-Ganganagar	J-34	7085	7843	-758

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				10th to 16th Feb.17	03rd to 09th Feb.17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	33467	32533	933
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	34467	33533	933
J-34(202)	26mm	3.5 - 4.9	23	43200	42483	717
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42083	41567	517
Shankar-6(105)	29mm	3.5 - 4.9	28	42767	42167	600
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43850	43267	583
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44350	43667	683
DCH-32(107)	34mm	3.0 - 3.8	33	55600	55600	Unch

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