

## Current Market Outlook

**Domestic Weekly Price Scenario:** Cotton spot markets noticed range –bound to weak tone during the week.

Average price of Kapas at Rajkot during the week was Rs. 5908 per quintal compared to the previous week price of Rs.5875 per quintal. Average price of Lint at Sirsa during the week was Rs. 4710 per maund (of 37.32 Kg each), compared to the previous week price of Rs 4765. Cotton fiber (Shankar-6) prices noticed weak tone this week. Average price was Rs 42840 per candy (of 355.6 kg each) during the week, which was Rs 43233 per candy previous week. Future price of cotton (at NCDEX, April'17 contract) closed lower this week at Rs. 1064.50 per maund (of 20 kg each) which was Rs 1084.00 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. 5600-6000 per quintal in the bench mark market. Lint price at Sirsa is likely to be in range of Rs 4600-5000 per maund. Kapas prices at NCDEX (April'17 contract), is expected to hover in the range of Rs. 1000-1100 per maund (of 20 kg each).

**Major Market Highlights:** A scientist from the Central Institute for Cotton Research (CICR) has developed the shortest-duration cotton variety in the world. This variety requires 100-120 days for maturity and could be solution to the problems of dryland cotton farmers in regions like Vidarbha and Telangana. The new variety is likely to give higher yields in a shorter time duration.

A Committee empowered by the Textiles Commissioner of India has proposed a uniform unit of weight for the domestic and international cotton trade. The committee comprising of 7-8 representatives from the cotton trade, stakeholders, exporters and Cotton Corporation of India has recommended a uniform weight for cotton trading in kilos or tonnes. This step will ensure more uniformity and transparency in the cotton trade according to traders.

India Ratings (Ind-Ra) has maintained a stable outlook for cotton textiles for the next financial year amid steady input prices, healthy capacity utilization and good domestic demand. Ind-Ra has revised its cotton outlook to stable for FY18 from negative for FY17. Fiscal incentives and implementation of Goods and Services Tax (GST) will improve the industry's export competitiveness. Favourable trade agreements with the US and Europe will increase India's exports and a higher-than expected domestic demand would be positive for the sector.

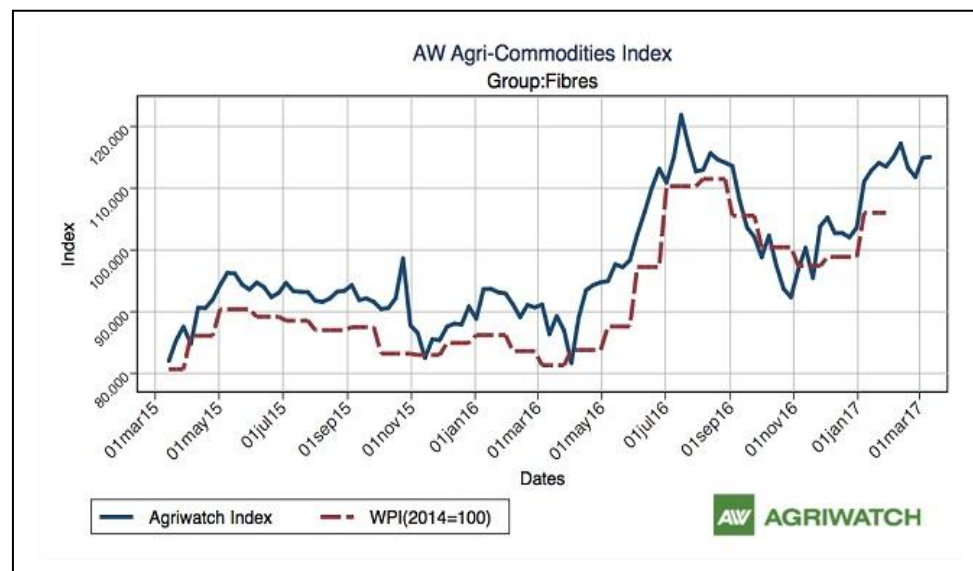
During April –December 2016, India's cotton yarn exports declined by 12 per cent to 872 million kg compared to the same corresponding period previous year. However hopes of revival of cotton yarn exports from India have increased as the Chinese cotton auction began at 25 per cent higher price than that prevailing in the Indian domestic market. Chinese textile mills are likely to import cotton yarn instead of cotton as Indian cotton attracts 3.5 per cent duty in China. Moreover the cotton auctioned at China is up to seven –year old and the quality of cotton would start deteriorating and turning yellow when stocked for more than two-three years.

## AW Cotton Index – 12 Mar. 2017

The Agriwatch Agri Commodities Index gained 0.98% to 110.22 during the week ended March 11, 2017 from 109.15 during the previous week, to end a 5-week falling streak. Cereals and pulses led the Index higher. The base for the Index and all sub-Indices is 2014 (= 100).



The Fiber Index increased by +0.11% 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 lack of availability in the market. Weekly average price of Kapas at Rajkot remained at Rs. 5908 per quintal compared to the previous week price of Rs. 5875 per quintal.

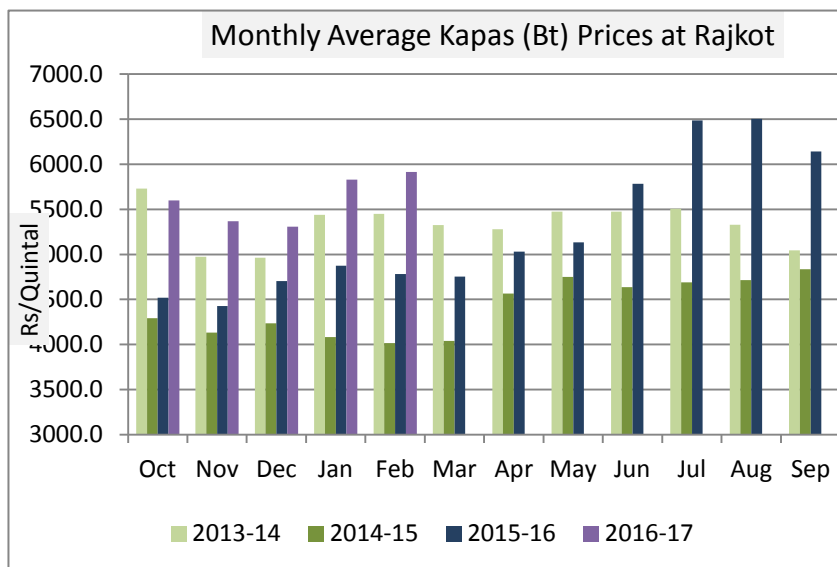
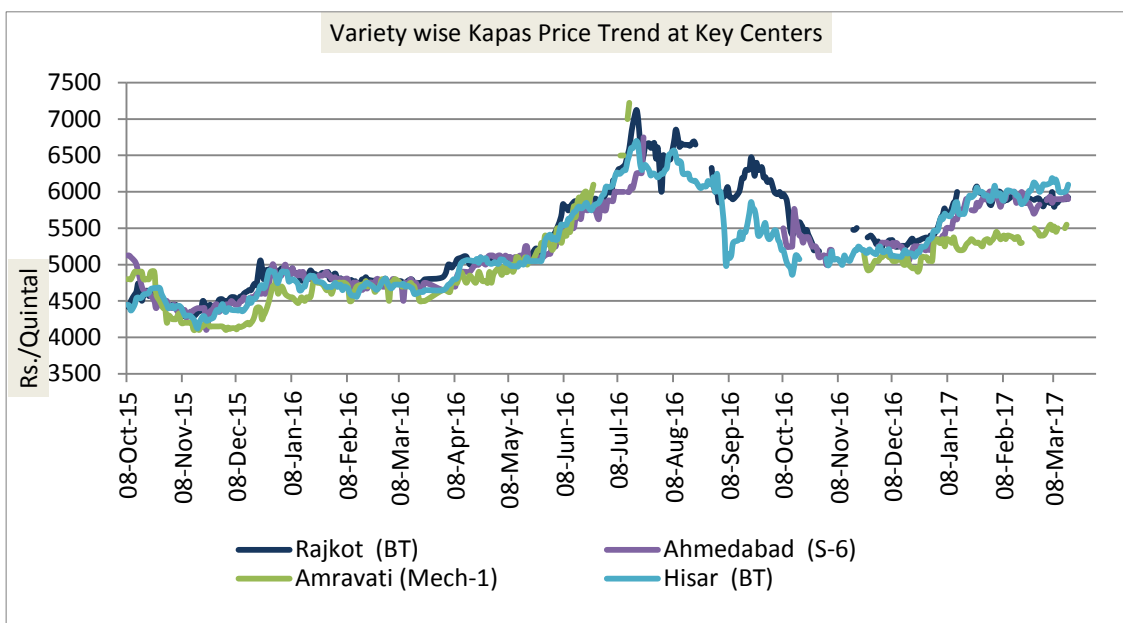
According to latest report of USDA attaché, report, India's 2016/17

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 weak in coming days. The expected range for Kapas at Rajkot is Rs 5600-6000 per quintal for the coming week.

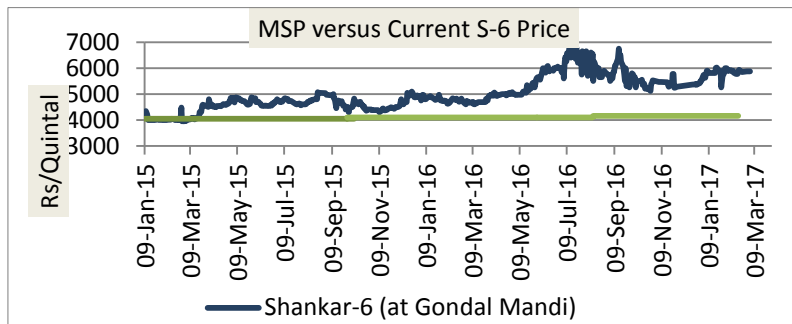
### Kapas Monthly Y-o-Y Price Scenario

Kapas (seed cotton) prices in country noticed firm momentum during the month of February following good demand in the domestic market. The cotton price remained firm during February 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.1677 this week compared to Rs.1715 a week earlier. This indicates prices are declining.

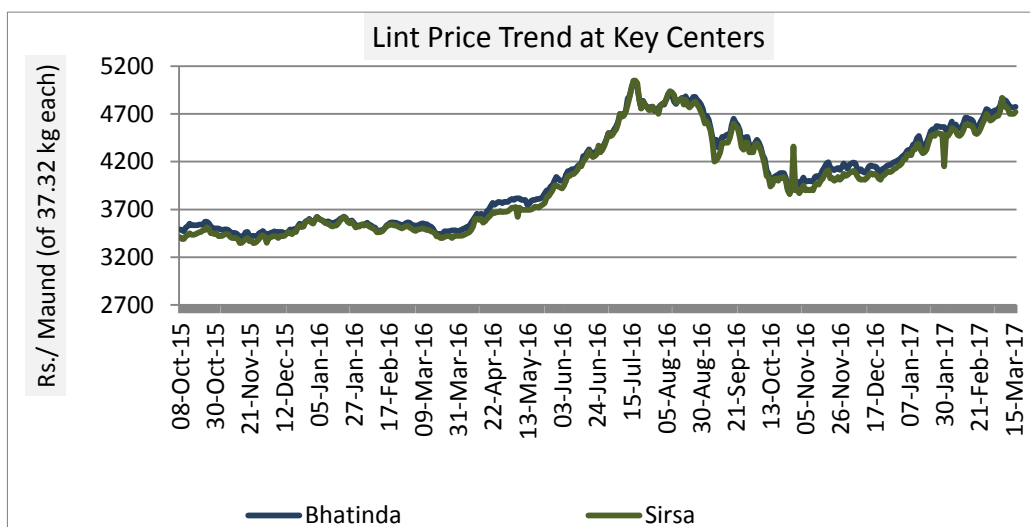


### Lint (De-Seeded Cotton) Weekly Price Scenario

Weekly Price Review: Lint prices remained weak during the week owing to easy tone prevailing in market. Weekly average price of Lint at Sirsa remained Rs. 4710 per maund of 37.32 kg each, higher compared to the previous week price of Rs. 4765 per maund.

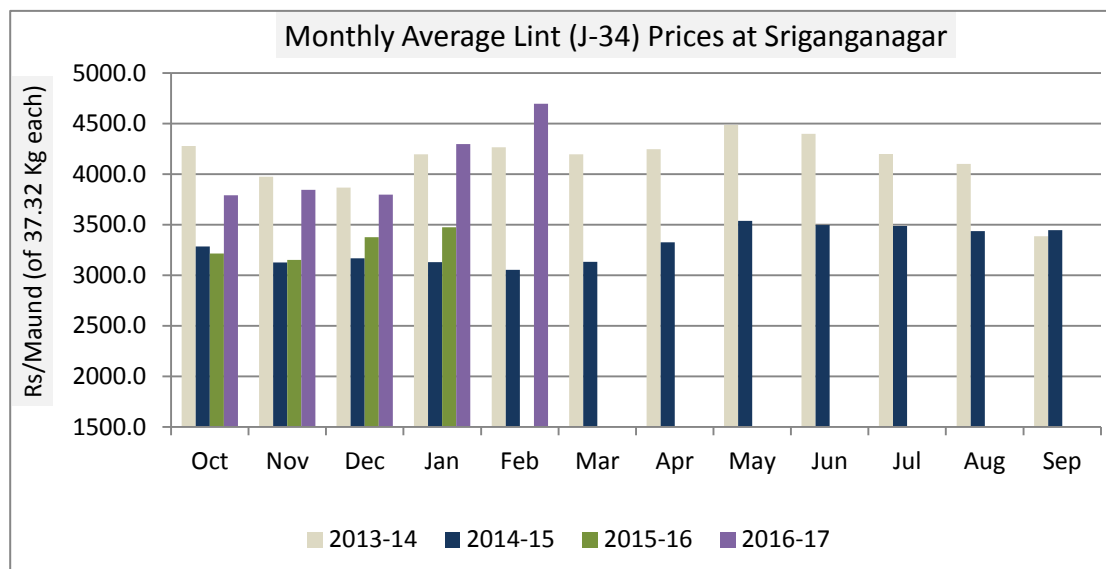
Weekly Price Outlook: Lint prices are expected to remain

range bound to firm during the week. We expect Lint at Sirsa to remain in the range of Rs. 4600-5000 per maund.



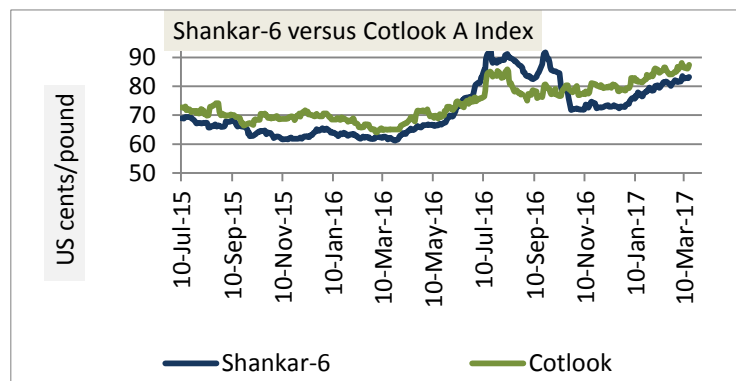
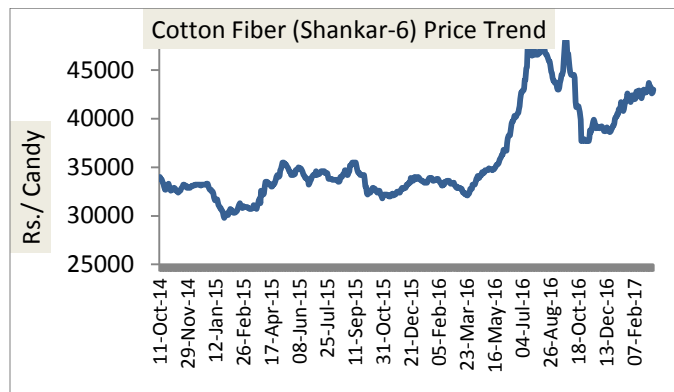
### Lint Monthly Y-o-Y Price Scenario

Monthly average price at Sri Ganganagar in February was Rs.4697/Qtl compared to Rs.4298/Qtl in January.



## Cotton Fiber Weekly Price Scenario

Following downward movement in Kapas prices, cotton fiber moved southwards this week. Weekly average price of cotton (Shankar-6) at Mumbai remained Rs.42840 per candy (of 355.6 kg each) compared to Rs. 43233 per candy in the previous week.

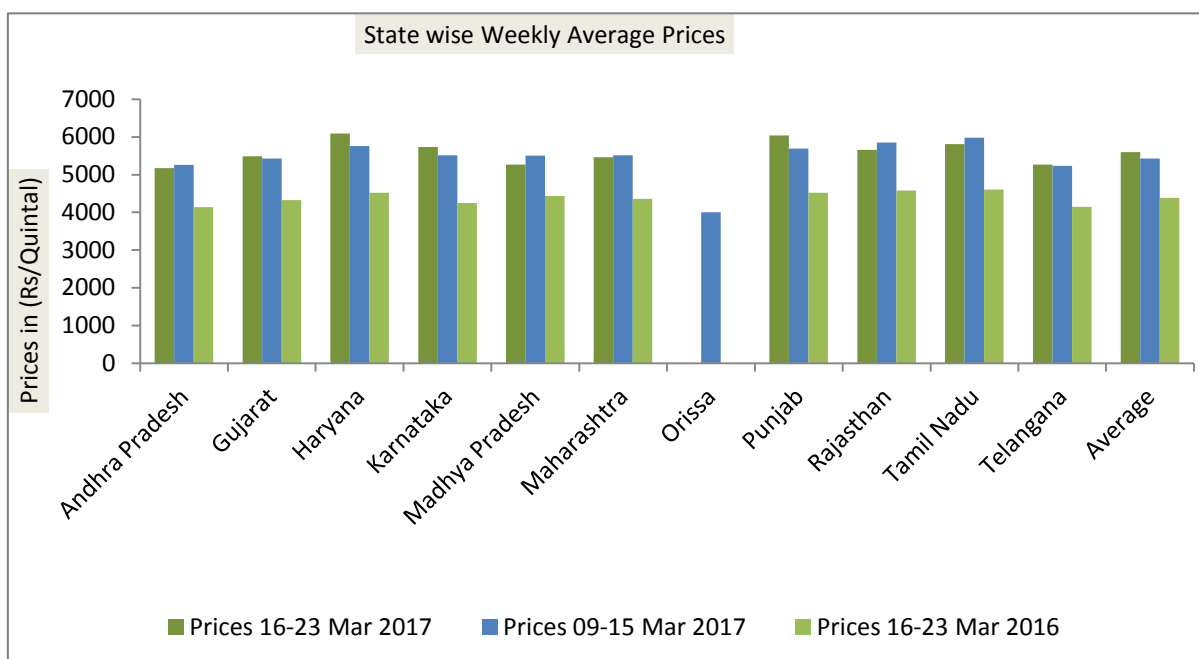


Indian Fiber price versus International Fiber Price: Indian fiber prices are ruling below the international price. Against the weekly average Cotlook A Index of 86.59 cents/pound, Indian weekly average price stood at 82.93 cents/pound, making Indian fiber competitive in international market.

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 Haryana followed by Punjab this week and lowest was in Andhra Pradesh followed by Telangana. 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.

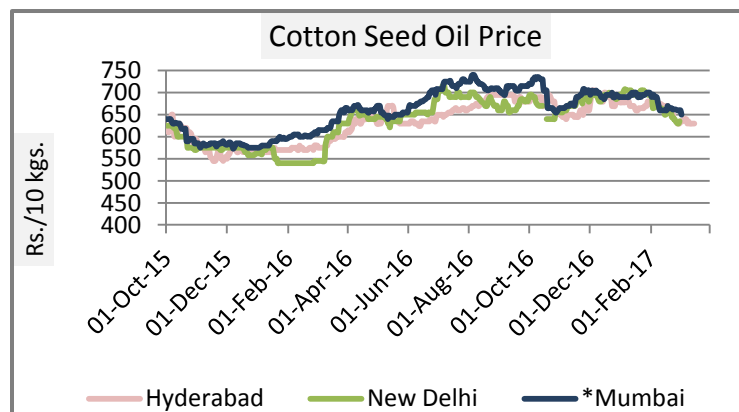
## Cotton Seed Oil and Cotton Seed Oil Cake

### Cotton Seed Oil Weekly Price Scenario

Cotton seed oil price noticed weak tone during the week. Weekly average price in New Delhi remained Rs 634 per 10 Kg, higher compared to the weekly average price of Rs 652 per 10 Kg in previous week.

Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	16-Mar-17	09-Mar-17	
New Delhi	634	652	-2.71
Rajkot	652	663	-1.71
Hyderabad	631	637	-0.89
Mumbai*	658	663	-0.75

\*Vat Included

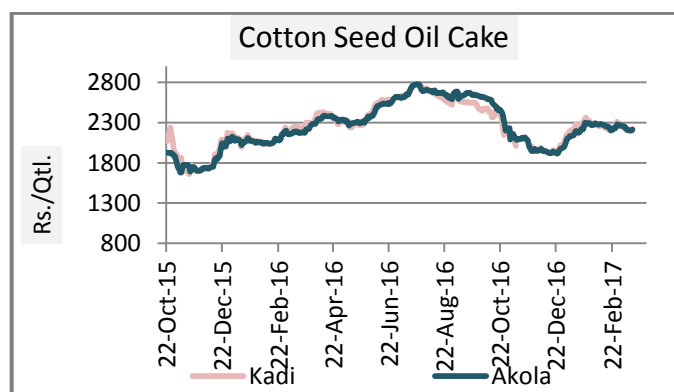


### Cotton Seed Oil Cake Weekly Price Scenario

Cotton seed oil cake price noticed weak tone during the week. Weekly average price in Akola remained Rs 2205 per quintal, higher compared to the weekly average price of Rs 2249 per quintal in the previous week.

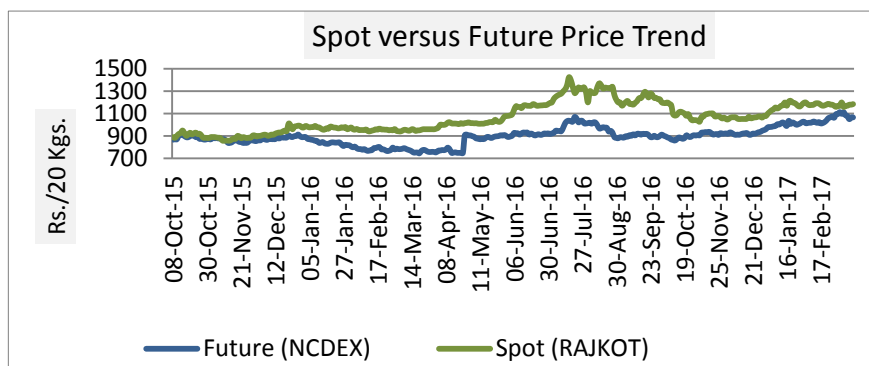
Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	16-Mar-17	09-Mar-17	
Kadi	2212	2246	-1.53
Akola	2205	2249	-1.95

\*Source: NCDEX



### Cotton Spot and Future Price Trend

Cotton future price closed lower this week. Kapas at NCDEX (April'17) closed at Rs. 1064.50 as on 16 Mar 2017, compared to 1084.00 a week earlier. The gap between the spot and future prices has increased. Average gap between the spot and future price during the week was Rs.114.90 which was Rs 74.60 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 increasing 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 Firm Momentum	1000-1100

#### Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
1050	1020	1130	1150
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 86.59 cents/pound this week, which was 87.03 cents/pound during last week.

**Major Market Highlights:** Egypt's cotton exports increased by 63.9 per cent during the first quarter of the planting season of 2016/17 according to data released by the Central Agency for Public Mobilisation and Statistics (CAPMAS). Egypt's cotton exports during the period September –November 2016 was reported at 202,500 bales compared to 123,600 bales in the same period previous year.

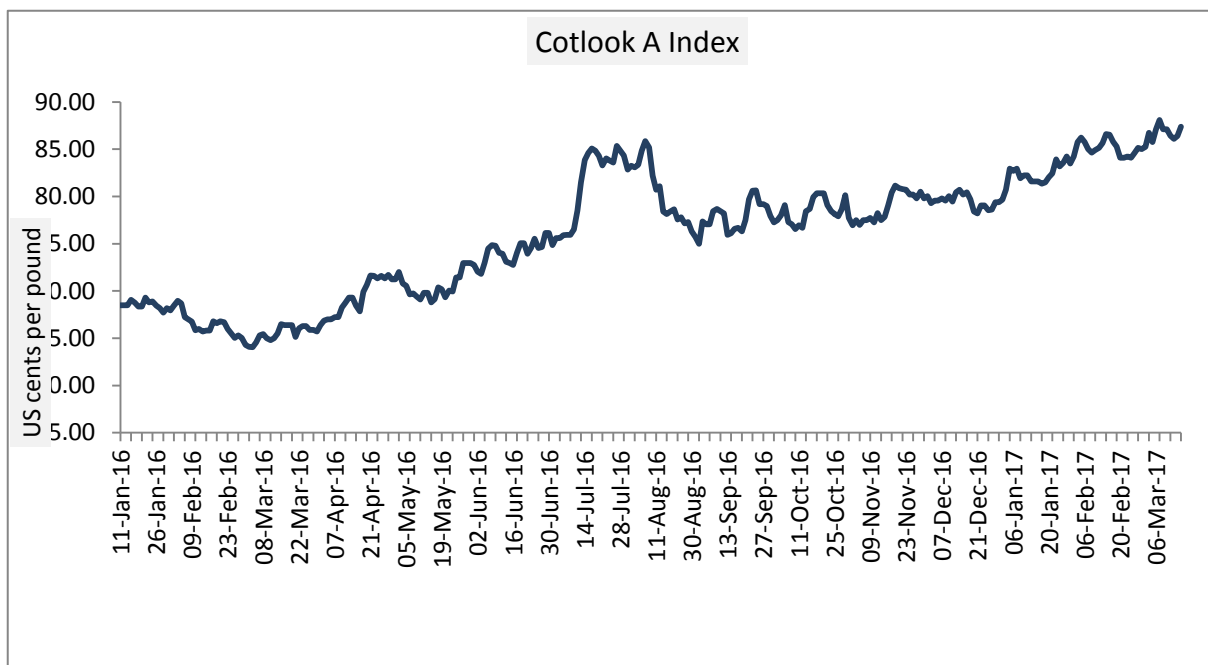
Good demand for quality lint, increasing prices in the global markets and lack of availability of quality cotton led to increase in cotton prices in Pakistan during the previous week. The Karachi Cotton Association increased its spot rates by Rs. 50 to Rs 6,700 per maund (37.3242 kg) and Rs 7,180 for 40 kg. The Ex-Karachi rates also increased to Rs 6,835 per maund and Rs 7,325 for 40 kg. There is good buying from the millers amid limited stocks with ginners.

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 Global 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 weak 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-Mar-17	09-Mar-17	
Prices	86.59	87.03	-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
	16-Mar-17	09-Mar-17	
FC (S)	89.03	89.37	-0.38
FC (M)	86.17	86.54	-0.42
FC (L)	84.66	85.13	-0.55
Prices in US cents per Pound			

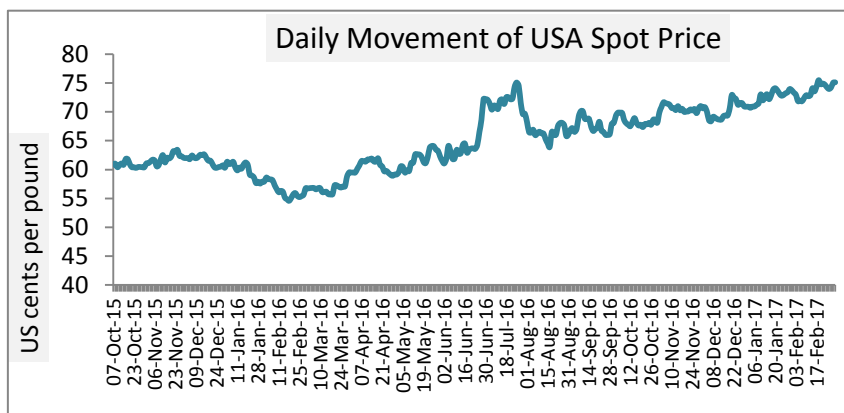
China Index remained weak during the week. CC Index (328) remained 14991 Yuan per ton during the week. Average was 15005 Yuan per ton during previous week.

Cotton Index	Weekly Average Price as on		% Change
	16-Mar-17	09-Mar-17	
CCIndex(229)	15956	15967	-0.07
CCIndex(328)	14971	14991	-0.13
CCIndex(527)	16365	16377	-0.07
Prices in Yuan per ton			



## USA Spot Prices

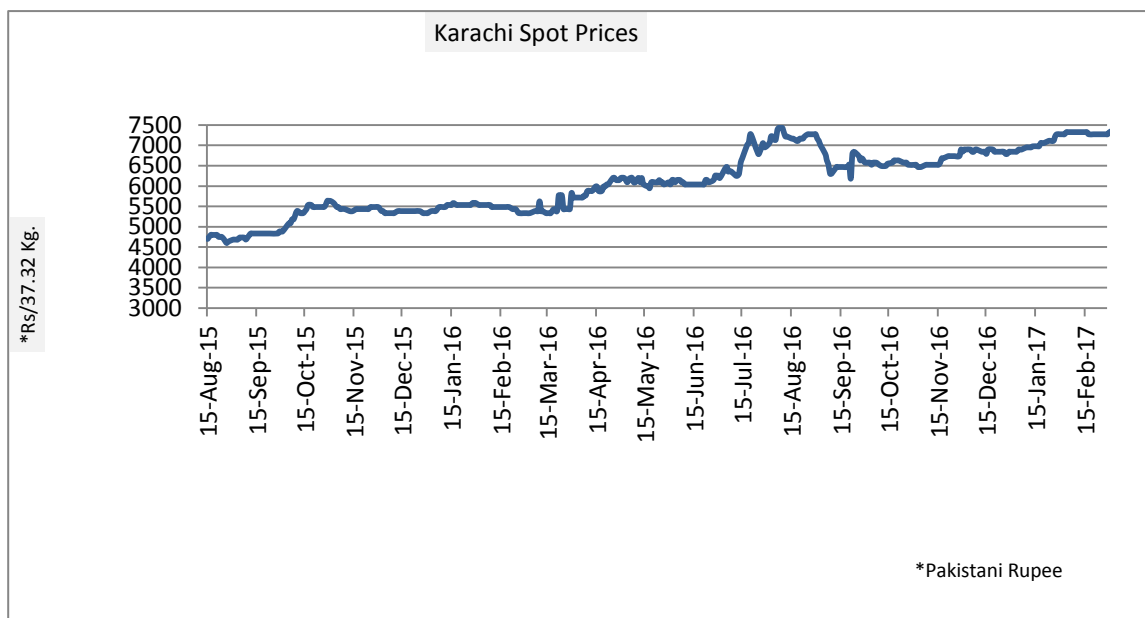
According to latest report of USDA latest report, global 2016/17 cotton ending stocks are revised down this month. Production in Pakistan is estimated to be lower, based on arrivals at gins, but higher in China. World ending stocks are now projected at 90.48 million bales.



USA Spot Prices	Weekly Average Price as on		% Change
	16-Mar-17	09-Mar-17	
Prices	74.50	74.84	-0.45
Prices in US cents per Pound			

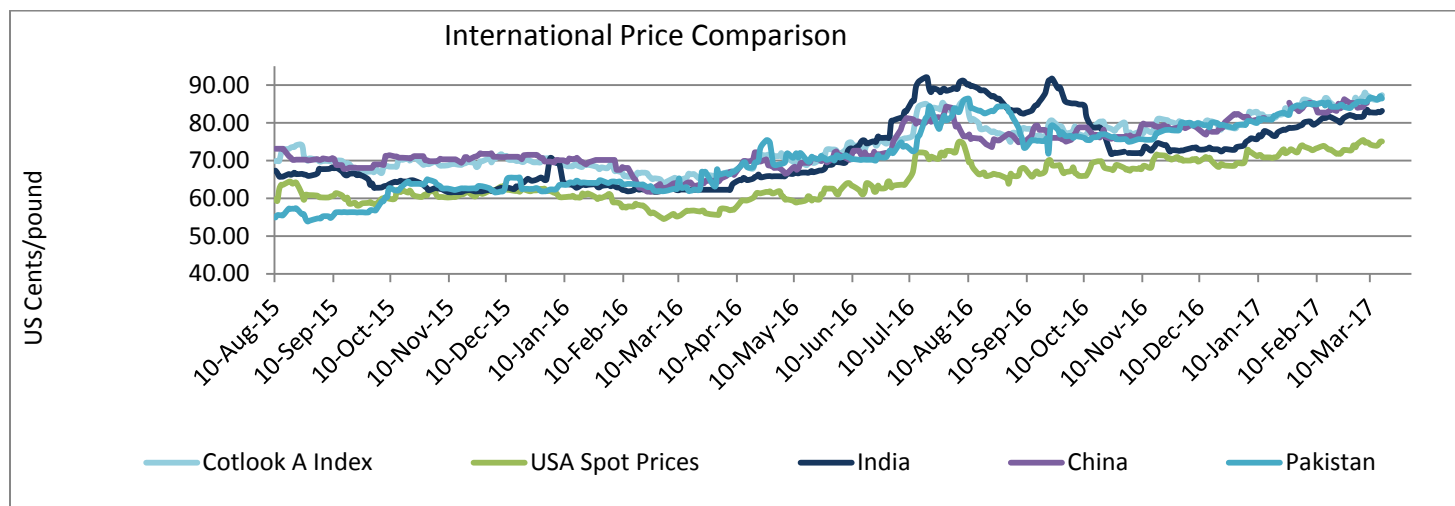
## Pakistan Spot Prices

Annual Cotton's annual growth output of Cotton 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-Mar-17	09-Mar-17	
Prices	7422	7379	0.58
Prices in Rs per 37.32 Kg			

**International Price Comparison**

**Technical Analysis of Cotton Future (May'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	76.00-81.00

**Expected Support and Resistance**

Support 1	Support 2	Resistance 1	Resistance 2
76.50	75.00	80.00	81.50

Figures in US cents/pound

**Cotton Future Prices at ICE**

Contracts	09-Mar	Week Ago	Month ago	Year Ago	%W-o-W change	%M-o-M change	%Y-o-Y change
May-17	78.17	78.37	76.77	59.51	-0.26	1.82	31.36
Jul-17	79.12	75.74	77.60	NA	4.31	1.96	NA
Oct-17	76.10	75.29	74.08	NA	1.07	2.73	NA
Dec-17	75.46	75.13	74.33	NA	0.44	1.52	NA
Mar-18	75.23	75.08	74.68	NA	0.20	0.74	NA
May-18	75.08	NA	NA	NA	NA	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	11th to 17th Mar.17	04th to 10th Mar.17	
Gujarat	Ahmedabad	Shankar-6	5860	5900	-40
	Gondal	Shankar-6	5833	5878	-45
	Rajkot	B.T. Cotton	5908	5875	33
	Patan	B.T. Cotton	5878	5917	-40
	Kadi	B.T. Cotton	5770	5842	-72
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5787	5829	-42
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	6295	6388	-93
	Bhiwani	Desi	5620	5800	-180
	Adampur	B.T. Cotton	6045	6137	-92
	Fatehabad	B.T. Cotton	6112	6158	-46
	Jind	B.T. Cotton	6233	6292	-59
	Uchana	B.T. Cotton	6131	6197	-66
	Dabwali	B.T. Cotton	5928	5989	-61
Rajasthan	Hanumangarh	B.T. Cotton	6000	6172	-172
	Rawatsar	B.T. Cotton	6024	6107	-83
Madhya Pradesh	Khandwa	Mech-1	5800	5849	-49
	Khargaon	Mech-1	5785	5916	-131
Maharashtra	Amravati	Mech-1	5531	5483	48
	Jamner	Medium Staple	5489	5453	36
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-

Telangana	Adilabad	Un-Ginned	5338	5392	-54
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	5300	-
	East Godavari	Un-Ginned	4160	4160	Unch
Karnataka	Bijapur	Bunny	6153	6139	14
	Hubli	D.C.H.	5939	6017	-78
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6006	6029	-23
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	11th to 17th Mar.17	04th to 10th Mar.17	
Punjab	Bhatinda	J-34	4775	4818	-43
	Abohar	J-34	4771	4817	-46
	Mansa	J-34	4764	4800	-36
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4710	4765	-55
Rajasthan	Sri-Ganganagar	J-34	4896	4959	-63

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	11th to 17th Mar.17	04th to 10th Mar.17	
Gujarat	Ahmedabad	Shankar-6	283900	433500	-149600
	Gondal	Shankar-6	9824	16866	-7042
	Rajkot	B.T. Cotton	15200	29450	-14250
	Patan	B.T. Cotton	14107	17577	-3470
	Kadi	B.T. Cotton	130000	265000	-135000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	1460	2940	-1480
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	6000	9000	-3000
	Bhiwani	Desi	250	450	-200
	Adampur	B.T. Cotton	1700	3060	-1360
	Fatehabad	B.T. Cotton	1500	2100	-600
	Jind	B.T. Cotton	107	269	-162
	Uchana	B.T. Cotton	1275	1930	-655

	Dabwali	B.T. Cotton	400	767	<b>-367</b>
<b>Rajasthan</b>	Hanumangarh	B.T. Cotton	1850	5100	<b>-3250</b>
	Rawatsar	B.T. Cotton	1260	4300	<b>-3040</b>
<b>Madhya Pradesh</b>	Khandwa	Mech-1	2000	10540	<b>-8540</b>
	Khargaon	Mech-1	5350	18600	<b>-13250</b>
<b>Maharashtra</b>	Amravati	Mech-1	13500	48000	<b>-34500</b>
	Jamner	Medium Staple	1613	1867	<b>-254</b>
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
<b>Telangana</b>	Adilabad	Un-Ginned	38474	63563	<b>-25089</b>
<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	6777	11261	<b>-4484</b>
	Hubli	D.C.H.	8	40	<b>-32</b>
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	3674	8939	<b>-5265</b>
<b>Commodity</b>	<b>Lint</b>		<b>Weekly Sum Arrivals (Quintal)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>11th to 17th Mar.17</b>	<b>04th to 10th Mar.17</b>	
<b>Punjab</b>	Bhatinda	J-34	9690	16490	<b>-6800</b>
	Abohar	J-34	1530	2975	<b>-1445</b>
	Mansa	J-34	1785	2465	<b>-680</b>
<b>Haryana</b>	Sirsa	J-34	1870	5100	<b>-3230</b>
<b>Rajasthan</b>	Sri-Ganganagar	J-34	2212	3515	<b>-1303</b>

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				10th to 16th Mar.17	03rd to 09th Mar.17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	35200	35367	<b>-167</b>
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36200	36367	<b>-167</b>
J-34(202)	26mm	3.5 - 4.9	23	44500	44917	<b>-417</b>
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	41880	42433	<b>-553</b>
Shankar-6(105)	29mm	3.5 – 4.9	28	42840	43233	<b>-393</b>
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44720	44550	<b>170</b>
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45380	45150	<b>230</b>
DCH-32(107)	34mm	3.0 - 3.8	33	57400	56900	<b>500</b>

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