

## Current Market Outlook

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

Average price of Kapas at Rajkot during the week was Rs. 5928 per quintal compared to the previous week price of Rs.5908 per quintal. Average price of Lint at Sirsa during the week was Rs. 4752 per maund (of 37.32 Kg each), compared to the previous week price of Rs 4710. Cotton fiber (Shankar-6) prices noticed firm tone this week. Average price was Rs 43200 per candy (of 355.6 kg each) during the week, which was Rs 42840 per candy previous week. Future price of cotton (at NCDEX, April'17 contract) closed higher this week at Rs. 1069.00 per maund (of 20 kg each) which was Rs 1064.50 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. 5700-6200 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:** Cotton acreage in the northern states of Punjab, Haryana and Rajasthan are expected to increase in the forthcoming kharif season. Cotton growers are likely to switch back to cotton from cereals mainly paddy following higher price of cotton. According to cottonseed makers, farmers and traders, acreage under the crop will increase by around 20-25 per cent in 2017 -18 kharif season over last year's acreage of 11.96 lakh hectares.

The Southern India Mills Association (SIMA) has advised the mills to avoid panic buying of cotton. Till date cotton arrivals in the domestic market are lower compared to previous year. Both at the global level and in India, the cotton supply position is comfortable. According to sources at SIMA, India has contracted to import 15 lakh bales of cotton from West Africa and U.S. Prices are likely to ease when Australian cotton arrives in the market around May. Reports indicate that there has been a significant increase in the Australian cotton crop — from 28 lakh bales previous year to 45 lakh bales this year and an 18 per cent increase in the US cotton crop.

India's textiles exports declined by around 4.5 per cent to \$26 billion during April-December this fiscal year. The exports of textiles during April –December (2016 -17) were recorded at \$26 billion compared to \$27.2 billion during the same period previous year.

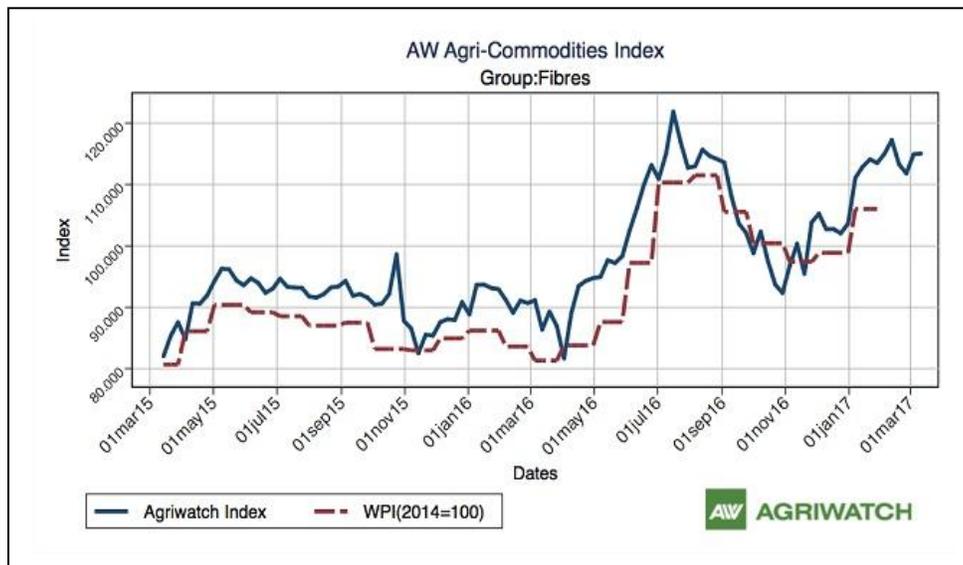
Cotton acreage in North India, which stood at a high of 15.55 lakh hectares in 2014-15, declined to 13.90 lakh ha in the following year and reached a low of 11.96 lakh ha in 2016-17 amid rising pest attacks and declining yields. Cotton prices are ruling firm in the country on lower availability and steady demand in the domestic market. Cotton has yielded better returns in 2016-17 compared with other competing crops.

# 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."

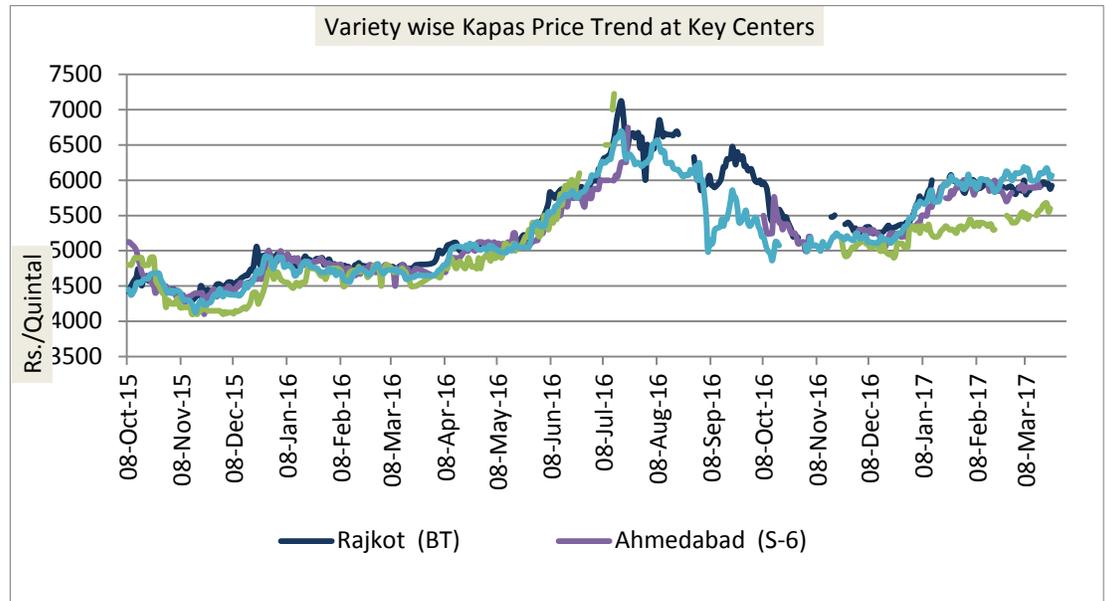
**Domestic Cotton Prices Scenario**

**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. 5928 per quintal compared to the previous week price of Rs. 5908 per quintal.

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

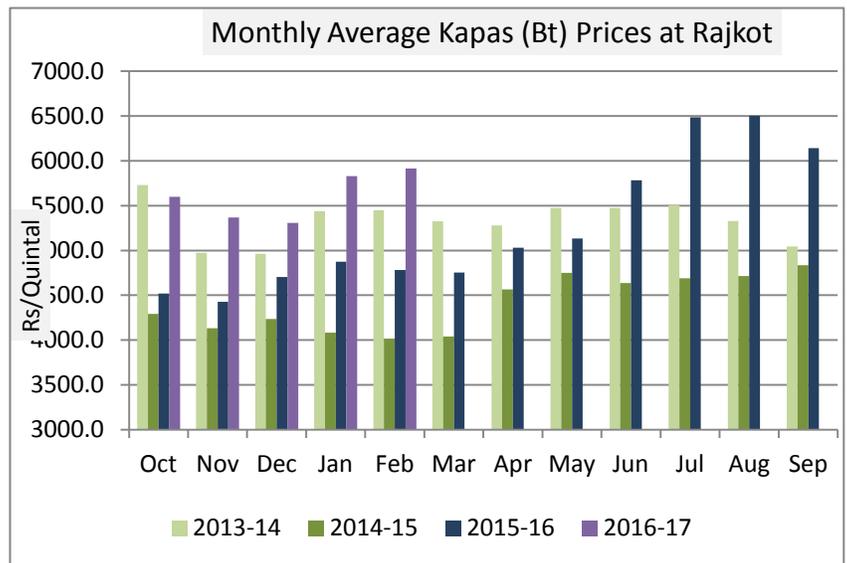


production forecast is 27.00 million 480 lb. bales on marginally lower acreage of 11.8 million hectares. Higher yields are expected through a combination of better crop, pest, and weed management practices and assuming a normal monsoon

**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 5700-6200 per quintal for the coming week.

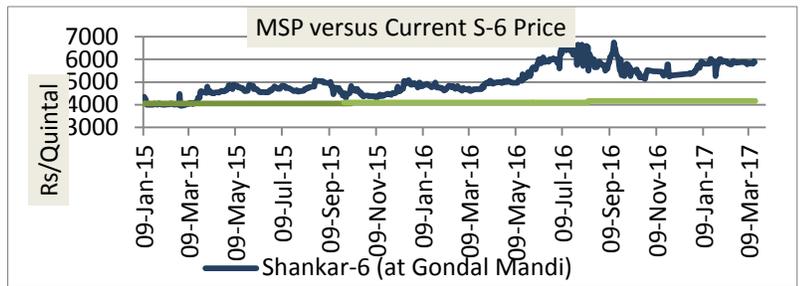
**Kapas Monthly Y-o-Y Price Scenario**

Kapas (seed cotton) prices in country noticed firm momentum during the month of 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.



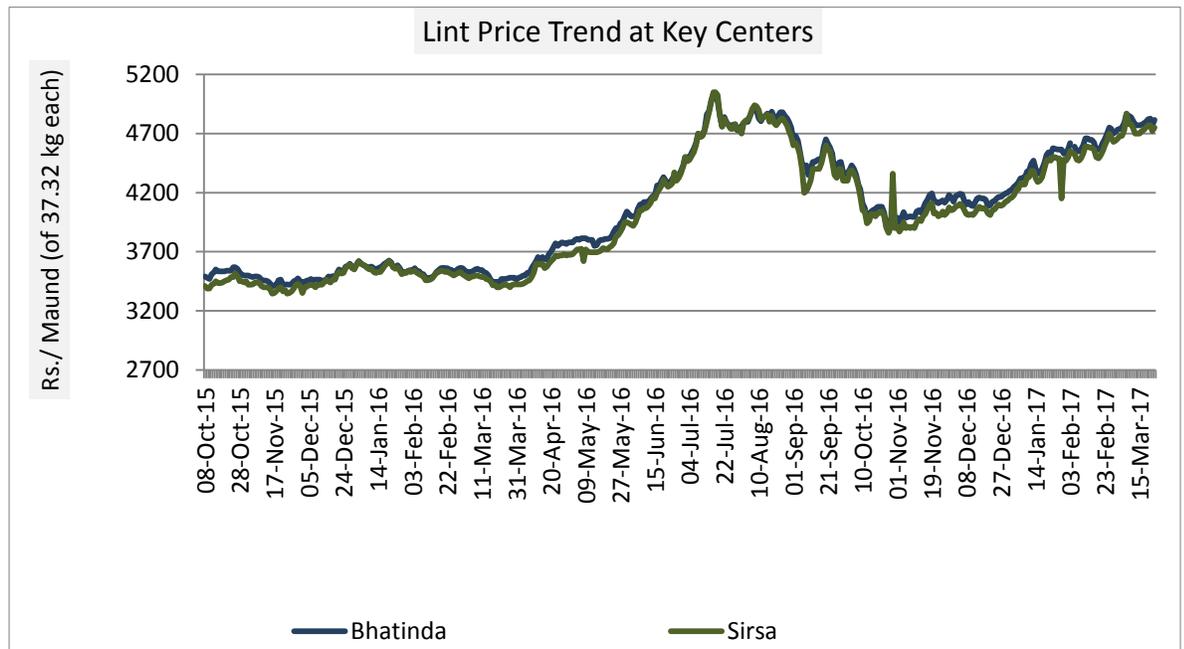
**Spot Price versus MSP**

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**

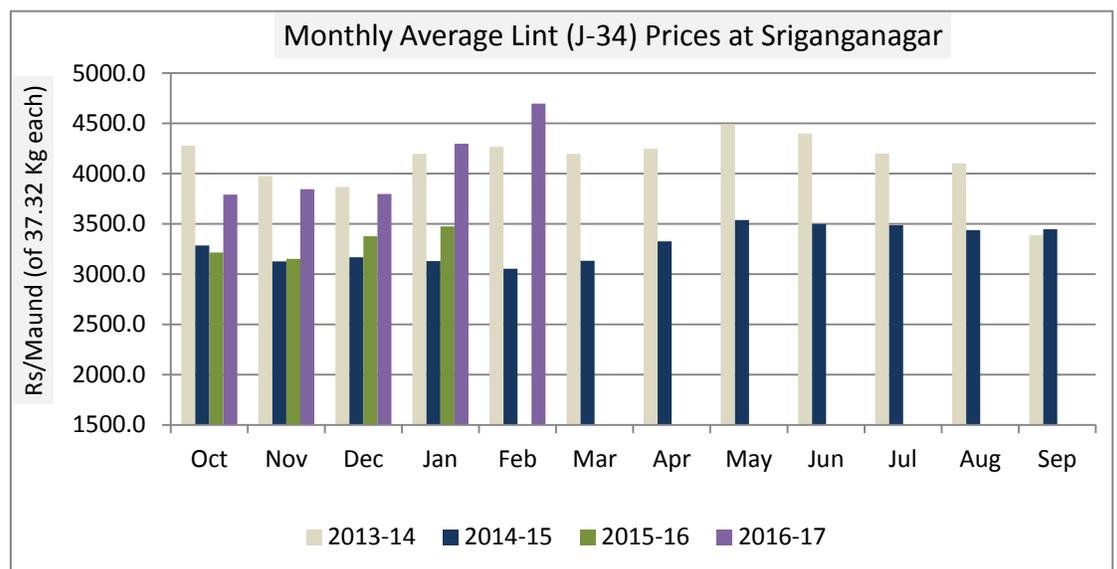
**Weekly Price Review:**  
Lint prices remained weak during the week owing to easy tone prevailing in market. Weekly average price of Lint at Sirsa remained Rs. 4752 per maund of 37.32 kg each, higher compared to the previous week price of Rs. 4710 per maund.



**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.

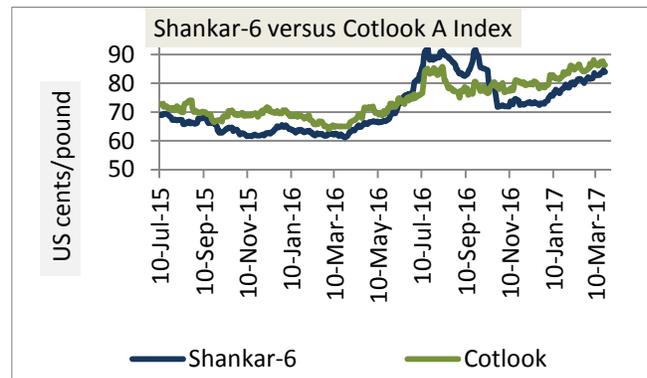
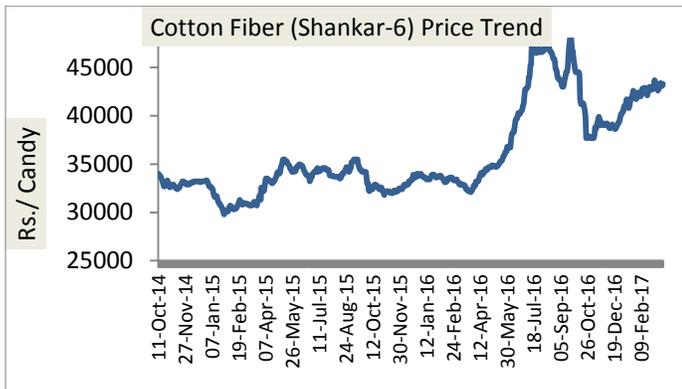
**Lint Monthly Y-o-Y Price Scenario**

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 upward movement in Kapas prices, cotton fiber moved northwards this week. Weekly average price of cotton (Shankar-6) at Mumbai remained Rs.43200 per candy (of 355.6 kg each) compared to Rs. 42840 per candy in the previous week.

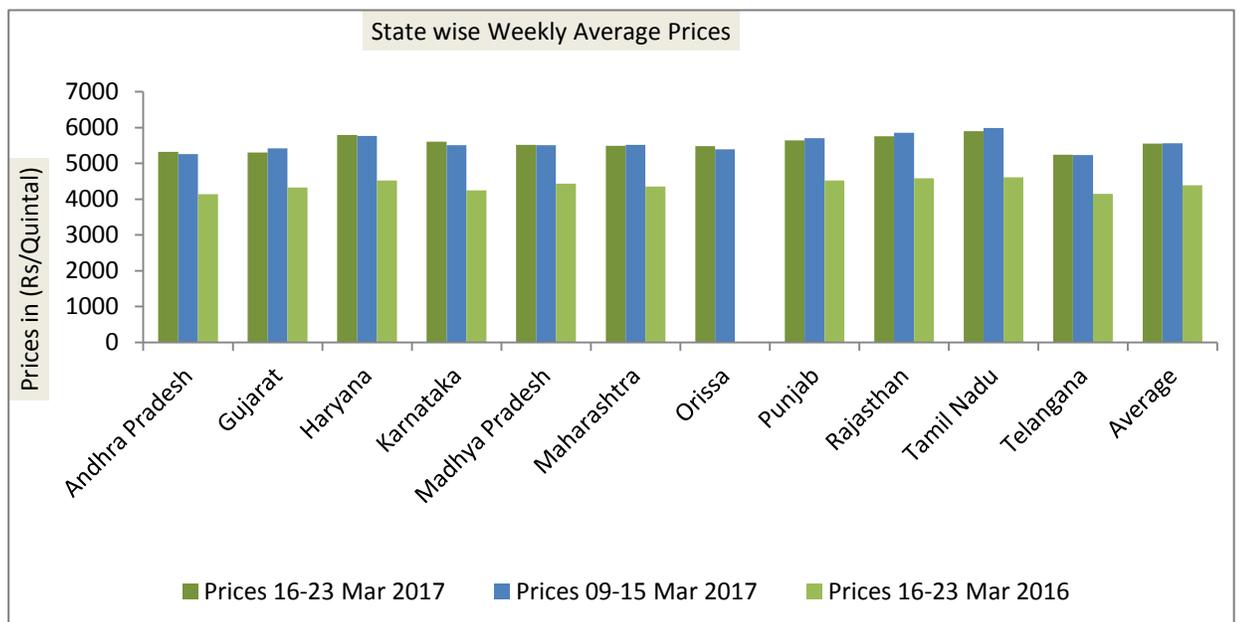


Indian Fiber price versus International Fiber Price: Indian fiber prices are ruling below the international price. Against the weekly average Cotlook A Index of 86.94 cents/pound, Indian weekly average price stood at 84.04 cents/pound, making Indian fiber competitive in international market.

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 Haryana this week and lowest was in Telangana followed by Gujarat. 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.

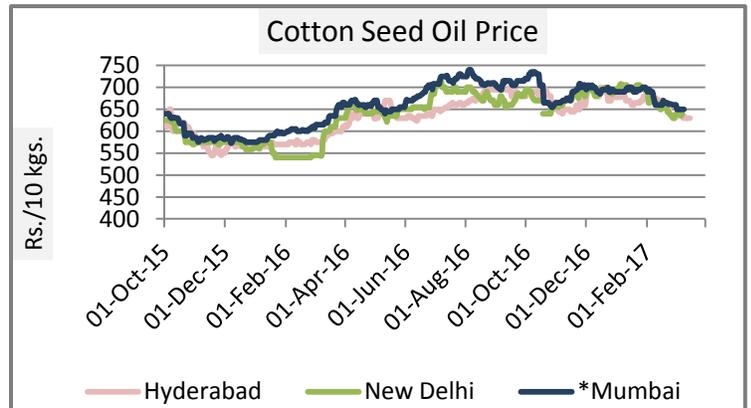
**Cotton Seed Oil and Cotton Seed Oil Cake**

**Cotton Seed Oil Weekly Price Scenario**

Cotton seed oil price noticed firm tone during the week. Weekly average price in New Delhi remained Rs 640 per 10 Kg, higher compared to the weekly average price of Rs 634 per 10 Kg in previous week.

Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	23-Mar-17	16-Mar-17	
New Delhi	640	634	0.95
Rajkot	655	652	0.38
Hyderabad	633	631	0.24
Mumbai*	650	658	-1.22

*\*Vat Included*

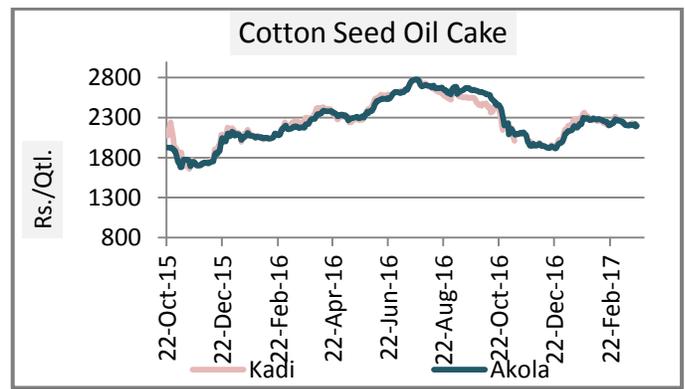


**Cotton Seed Oil Cake Weekly Price Scenario**

Cotton seed oil cake price noticed mixed tone during the week. Weekly average price in Akola remained Rs 2203 per quintal, higher compared to the weekly average price of Rs 2205 per quintal in the previous week.

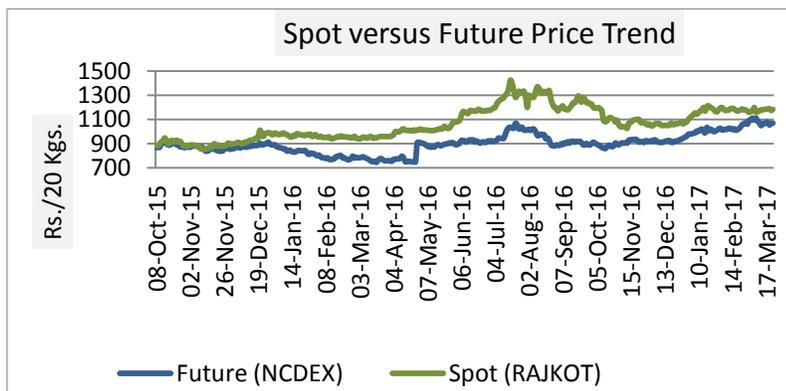
Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	23-Mar-17	16-Mar-17	
Kadi	2213	2212	0.05
Akola	2203	2205	-0.09

*\*Source: NCDEX*



**Cotton Spot and Future Price Trend**

Cotton future price closed higher this week. Kapas at NCDEX (April'17) closed at Rs. 1069.00 as on 23 Mar 2017, compared to 1064.50 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.115.70 which was Rs 114.90 a week earlier.



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



**Weekly Technical Outlook:**

- Kapas prices noticed range-bound movement 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 Firm Momentum	1000-1100

**Expected Support and Resistance**

Support 1	Support 2	Resistance 1	Resistance 2
1050	1020	1100	1130

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 86.94 cents/pound this week, which was 86.59 cents/pound during last week.

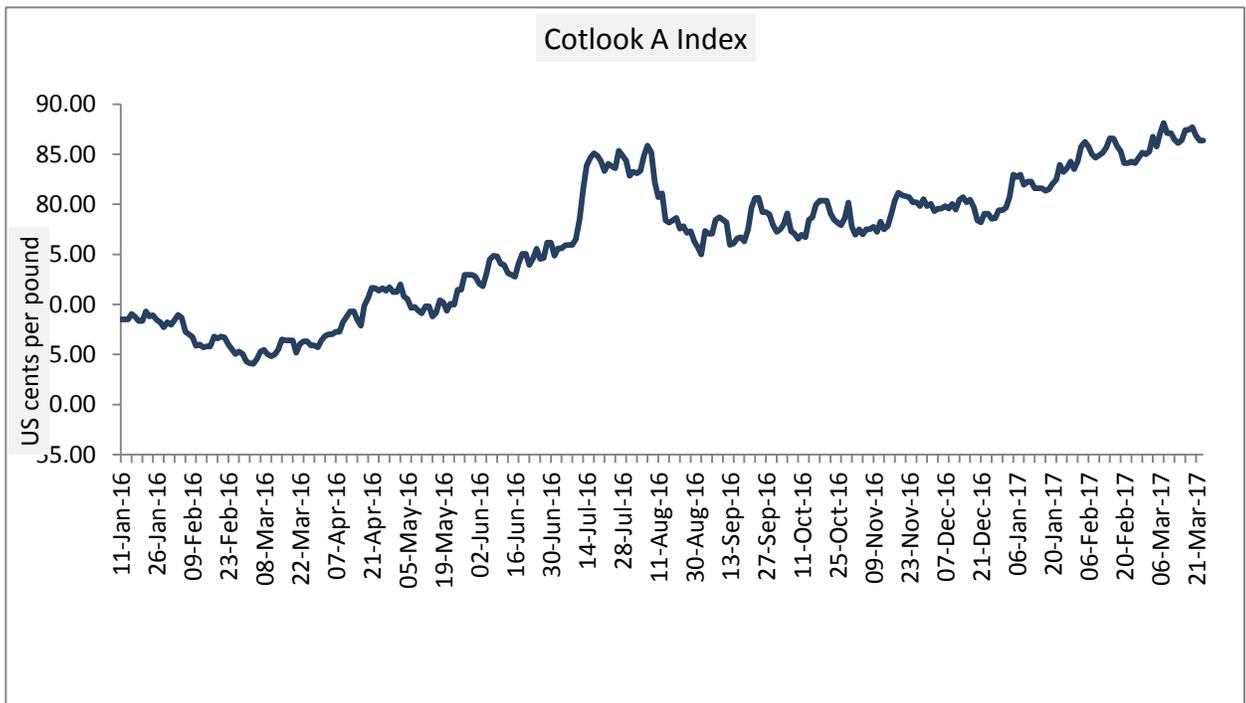
**Major Market Highlights:** Egypt’s cotton exports increased by 63.9 per cent during the first quarter of the planting season of 2016/17 according to data released by the Central Agency for Public Mobilisation and Statistics (CAPMAS). Egypt’s cotton exports during the period September –November 2016 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 Gobar 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
	23-Mar-17	16-Mar-17	
Prices	86.94	86.59	0.4
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.

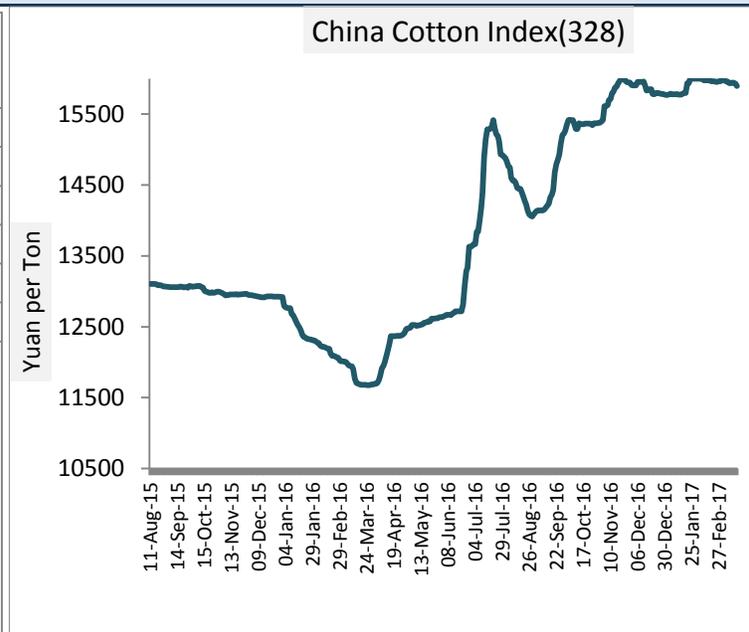
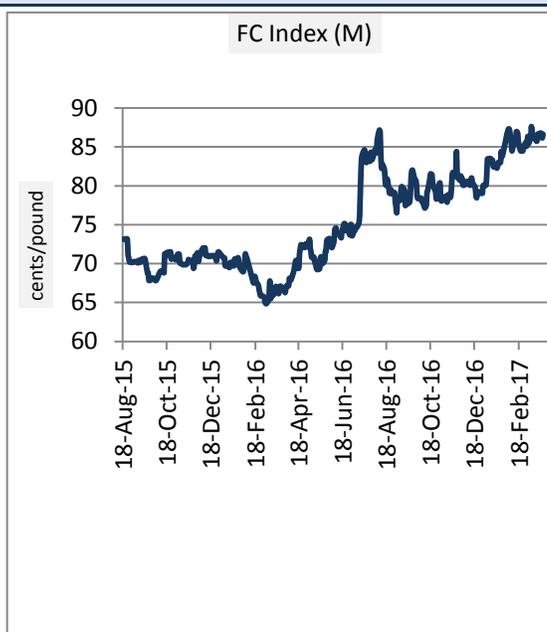
Cotton Index	Weekly Average Price as on		% Change
	23-Mar-17	16-Mar-17	
FC (S)	89.47	89.03	0.49
FC (M)	86.52	86.17	0.40
FC (L)	84.86	84.66	0.23

Prices in US cents per Pound

China Index remained weak during the week. CC Index (328) remained 14934 Yuan per ton during the week. Average was 14971 Yuan per ton during previous week.

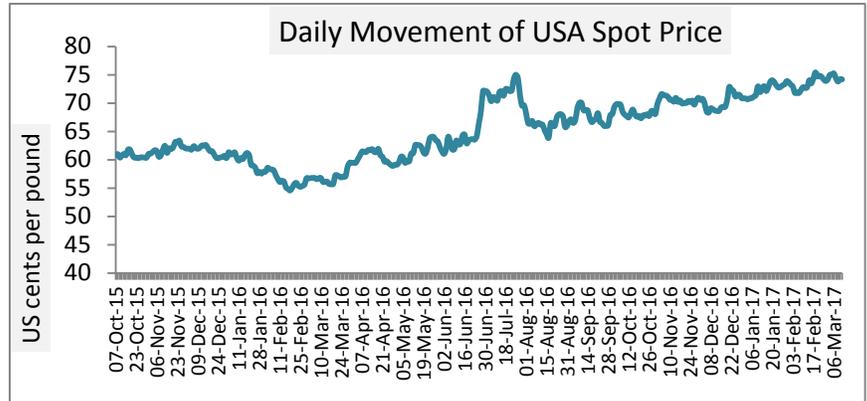
Cotton Index	Weekly Average Price as on		% Change
	23-Mar-17	16-Mar-17	
CCIndex(229)	15931	15956	-0.16
CCIndex(328)	14934	14971	-0.24
CCIndex(527)	16336	16365	-0.18

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.

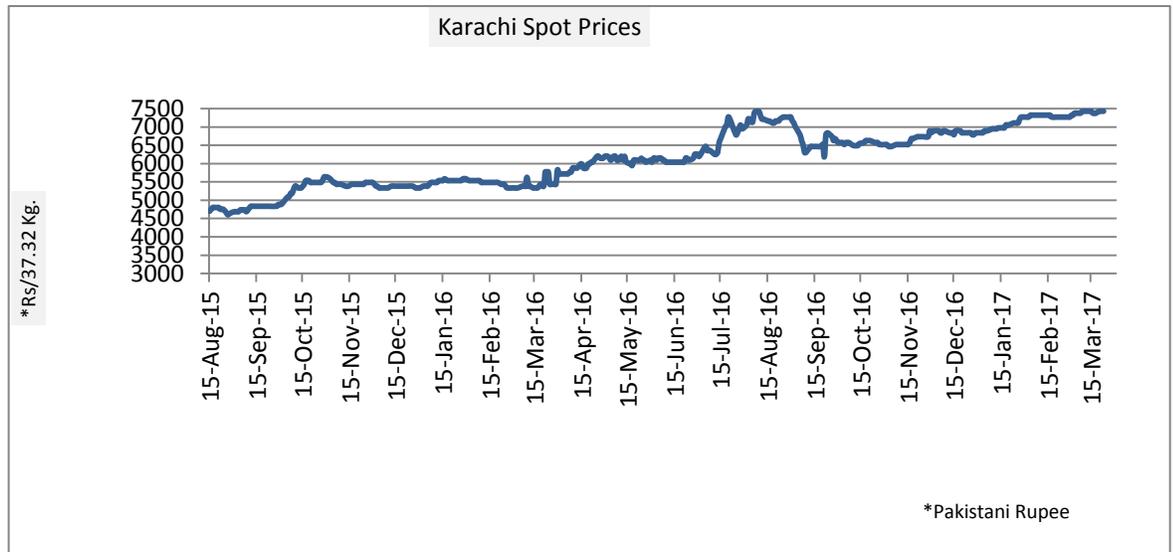


USA Spot Prices	Weekly Average Price as on		% Change
	23-Mar-17	16-Mar-17	
Prices	74.41	74.50	-0.12

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

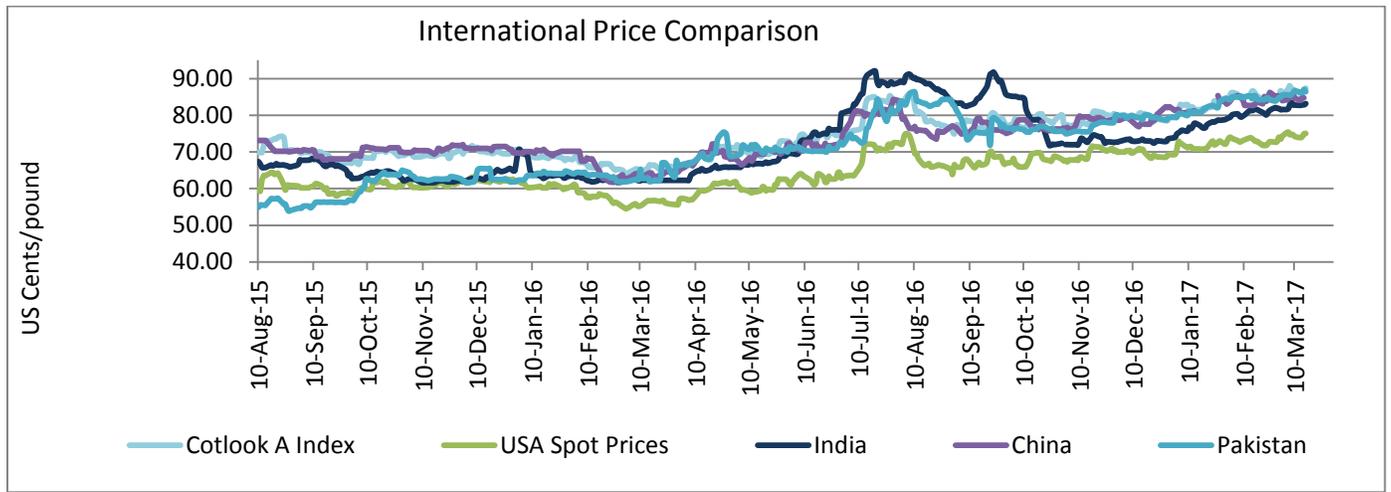


data released by the Pakistan Cotton Ginners Association. Seed cotton arrivals during the same period declined by 3 per cent to 389,490 bales. According to the latest estimates, Pakistan is expected to produce 10.542 million bales during the current season.

Karachi Spot Prices	Weekly Average Price as on		% Change
	23-Mar-17	16-Mar-17	
Prices	7422	7422	0.00

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 weak 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	75.00-80.00

**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	23-Mar	Week Ago	Month ago	Year Ago	%W-o-W change	%M-o-M change	%Y-o-Y change
May-17	77.27	78.17	76.10	59.02	-1.15	1.54	30.92
Jul-17	78.48	79.12	76.92	NA	-0.82	2.03	NA
Oct-17	76.09	76.10	74.02	NA	-0.01	2.80	NA
Dec-17	75.49	75.46	73.89	NA	0.04	2.17	NA
Mar-18	75.21	75.23	74.22	NA	-0.03	1.33	NA
May-18	75.08	75.08	NA	NA	0.00	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	18th to 24th Mar.17	
Gujarat	Ahmedabad	Shankar-6	5917	5860	57
	Gondal	Shankar-6	5865	5833	32
	Rajkot	B.T. Cotton	5928	5908	20
	Patan	B.T. Cotton	5918	5878	41
	Kadi	B.T. Cotton	5917	5770	147
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5876	5787	89
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	6338	6295	43
	Bhiwani	Desi	5500	5620	-120
	Adampur	B.T. Cotton	6088	6045	43
	Fatehabad	B.T. Cotton	6141	6112	29
	Jind	B.T. Cotton	6263	6233	30
	Uchana	B.T. Cotton	6160	6131	28
	Dabwali	B.T. Cotton	6019	5928	91
Rajasthan	Hanumangarh	B.T. Cotton	6118	6000	118
	Rawatsar	B.T. Cotton	5967	6024	-57
Madhya Pradesh	Khandwa	Mech-1	5800	5800	Unch
	Khargaon	Mech-1	5939	5785	154
Maharashtra	Amravati	Mech-1	5613	5531	81
	Jamner	Medium Staple	5526	5489	37
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-

Telangana	Adilabad	Un-Ginned	5328	5338	-10
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	5250	NA	-
	East Godavari	Un-Ginned	4160	4160	Unch
Karnataka	Bijapur	Bunny	6148	6153	-5
	Hubli	D.C.H.	5990	5939	51
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6053	6006	46
<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>18th to 24th Mar.17</b>	<b>11th to 17th Mar.17</b>	
Punjab	Bhatinda	J-34	4808	4775	33
	Abohar	J-34	4808	4771	37
	Mansa	J-34	4801	4764	37
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4752	4710	42
Rajasthan	Sri-Ganganagar	J-34	4932	4896	36

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Weekly Sum Arrivals (Quintal)		Change
	State	Centre	Variety	18th to 24th Mar.17	
Gujarat	Ahmedabad	Shankar-6	314500	283900	30600
	Gondal	Shankar-6	13145	9824	3321
	Rajkot	B.T. Cotton	22800	15200	7600
	Patan	B.T. Cotton	25684	14107	11577
	Kadi	B.T. Cotton	160000	130000	30000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	2933	1460	1473
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	10500	6000	4500
	Bhiwani	Desi	280	250	30
	Adampur	B.T. Cotton	4080	1700	2380
	Fatehabad	B.T. Cotton	3900	1500	2400
	Jind	B.T. Cotton	294	107	187
	Uchana	B.T. Cotton	1760	1275	485

	Dabwali	B.T. Cotton	740	400	340
Rajasthan	Hanumangarh	B.T. Cotton	3100	1850	1250
	Rawatsar	B.T. Cotton	2400	1260	1140
Madhya Pradesh	Khandwa	Mech-1	7900	2000	5900
	Khargaon	Mech-1	11070	5350	5720
Maharashtra	Amravati	Mech-1	20500	13500	7000
	Jamner	Medium Staple	1900	1613	287
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	36905	38474	-1569
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	15092	6777	8315
	Hubli	D.C.H.	87	8	79
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6680	3674	3006
<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>18th to 24th Mar.17</b>	<b>11th to 17th Mar.17</b>	
Punjab	Bhatinda	J-34	10200	9690	510
	Abohar	J-34	2805	1530	1275
	Mansa	J-34	2125	1785	340
Haryana	Sirsa	J-34	5270	1870	3400
Rajasthan	Sri-Ganganagar	J-34	2161	2212	-51

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				17th to 23rd Mar.17	10th to 16th Mar.17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	35217	35200	17
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36217	36200	17
J-34(202)	26mm	3.5 - 4.9	23	44717	44500	217
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41833	41880	-47
Shankar-6(105)	29mm	3.5 - 4.9	28	43200	42840	360
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	45100	44720	380
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45833	45380	453
DCH-32(107)	34mm	3.0 - 3.8	33	58000	57400	600

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