

## Current Market Outlook

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

Average price of Lint at Sirsa during the week was Rs. 4650 per maund (of 37.32 Kg each), compared to the previous week price of Rs 4693. Cotton fiber (Shankar-6) prices noticed pale tone this week. Average price was Rs 43083 per candy (of 355.6 kg each) during the week, which was Rs 43780 per candy previous week. Future price of cotton (at NCDEX, April'17 contract) closed lower this week at Rs. 1005 per maund (of 20 kg each) which was Rs 1035 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 4300-4700 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:** Textile sector seeks Technology Mission On Cotton (TMC) amid decline in yield of cotton. Though India is the largest producer and net exporter of cotton, productivity declined below 500kg of lint/hectare in 2015-16 from a high of 566 kg/ha in 2013-14. During the current season, productivity has been recorded at 568 kg/ha amid good monsoon. the national average yield in Australia, Brazil, China, Turkey Mexico and Israel is more than 1,500 kg/ha. India's poor productivity is related to obsolete technology and insufficient fund support for cotton research. The textile sector wants the TMC back in a revised format. It will help to double the income of the cotton farmer and fuel the growth of the textile industry.

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.



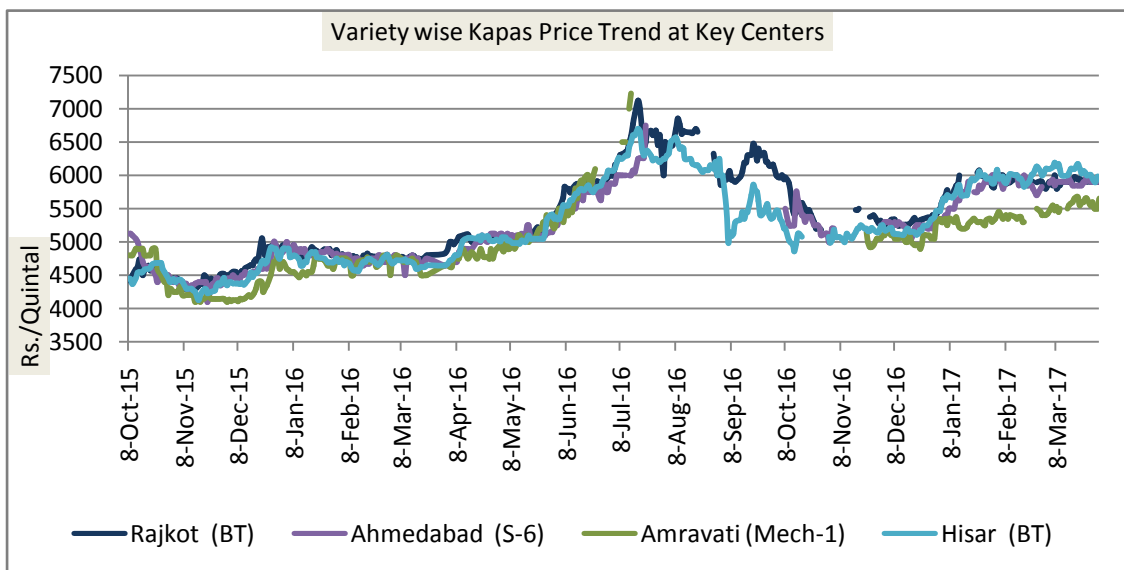
\*Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past 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:

Weekly kapas average price at Rajkot fell down from Rs 5922/quintal to Rs 5881/quintal this week.



According to latest

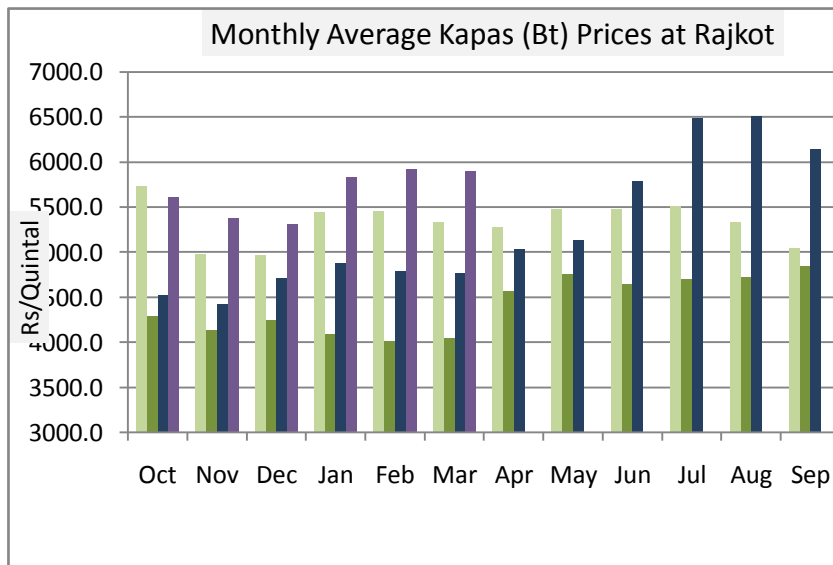
report of USDA attaché, India's 2016/17 cotton production forecast is 27.00 million 480 lb. bales on marginally lower acreage of 11.8 million hectares. Higher yields are expected through a combination of better crop, pest, and weed management practices and assuming a normal monsoon

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

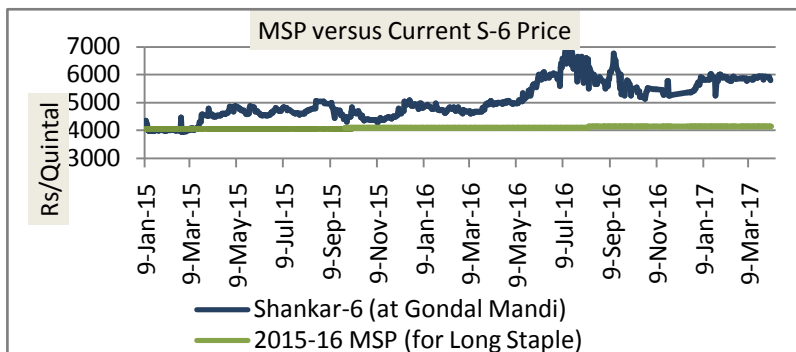
Kapas (seed cotton) prices in country noticed mixed tone during the March month following lack of availability in the domestic market. The cotton price remained weak during March compared to the previous month, and the same is ruling higher compared to the prices during the corresponding month of the previous season.

Monthly average price of Kapas at Rajkot remained Rs.5893 per quintal during February, which was Rs.5915 during previous month and Rs. 4795 per quintal during the corresponding month last year. We expect Kapas prices to remain range –bound to weak in the coming month. The expected price range for March month is likely to be Rs 5500-6000 per quintal.



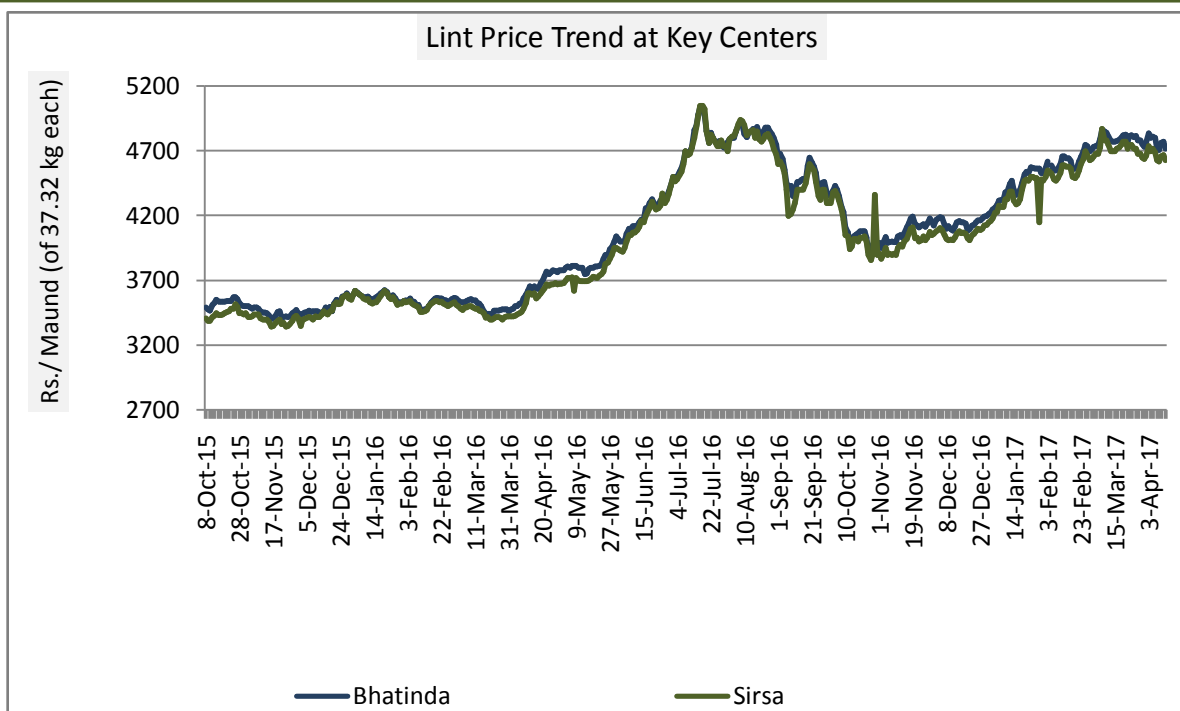
## Spot Price versus MSP

The Kapas prices are ruling above the MSP so far. The gap between the two prices has decreased this week. The average gap between the prices was Rs.1730 this week compared to Rs.1745 a week earlier. This indicates prices are decreasing



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

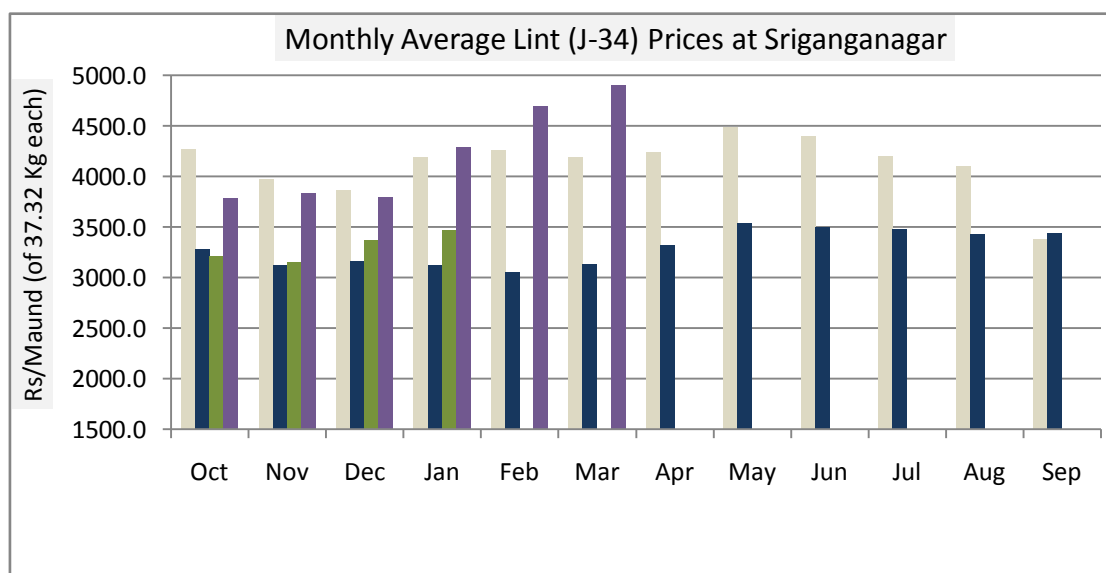
**Weekly Price Review:** Lint prices remained weak during the week owing to easy tone prevailing in market. Weekly average price of Lint at Sirsa remained Rs. 4650 per maund of 37.32 kg each, lower compared to the previous week price of Rs. 4693 per maund.



**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. 4400-4800 per maund.

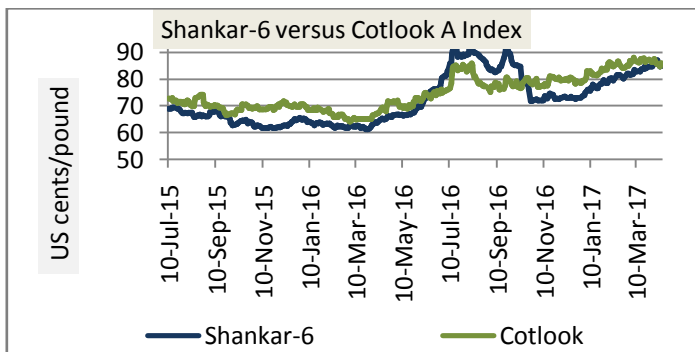
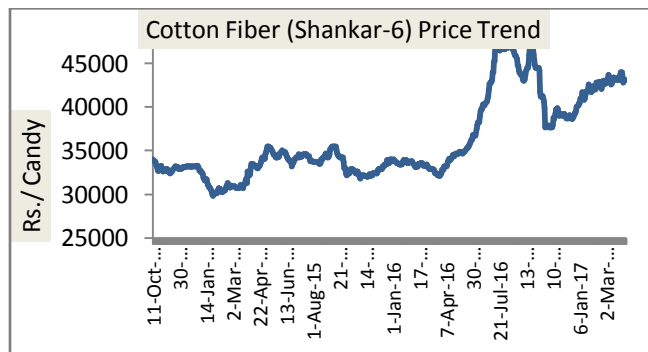
## Lint Monthly Y-o-Y Price Scenario

Monthly average price at Sri Ganganagar in March was Rs.4903/Qtl compared to Rs.4697/Qtl in February.



## Cotton Fiber Weekly Price Scenario

Following range -bound movement in Kapas prices, cotton fiber witnessed weak tone this week. Weekly average price of cotton (Shankar-6) at Mumbai remained Rs.43083 per candy (of 355.6 kg each) compared to Rs. 43780 per candy in the previous week.

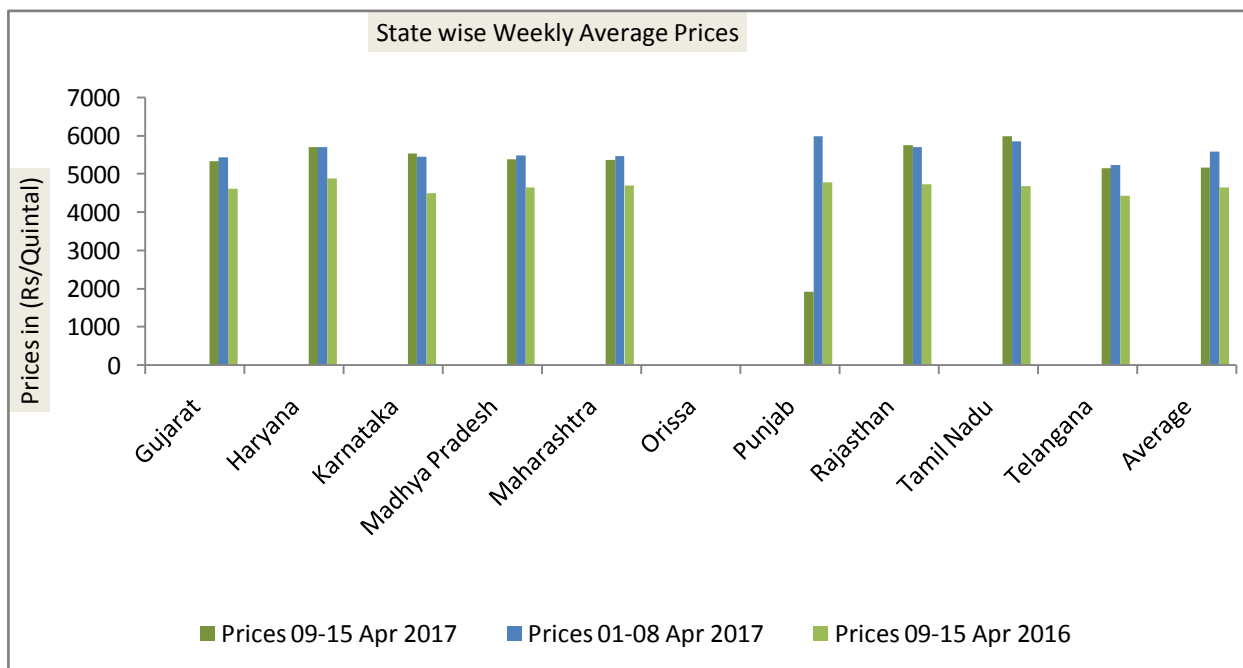


Indian Fiber price versus International Fiber Price: Indian fiber prices are ruling below the international price. Against the weekly average Cotlook A Index of 85.56 cents/pound, Indian weekly average price stood at 85.44 cents/pound, making Indian fiber competitive in international market.

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 weak trend in most of the States, highest price was recorded in Tamil Nadu followed by Rajasthan this week and lowest was in Punjab followed by



Telangana. On year on year basis, cotton prices are reflecting uptrend in most of the States. Prices have been summarized in the table given in annexure.

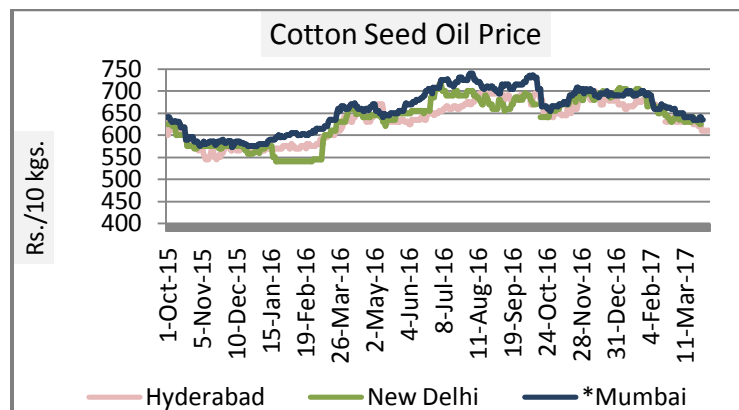
## Cotton Seed Oil and Cotton Seed Oil Cake

### Cotton Seed Oil Weekly Price Scenario

Cotton seed oil price mostly remained firm during the week. Weekly average price in New Delhi remained Rs 634 per 10 Kg, higher compared to the weekly average price of Rs 630 per 10 Kg in previous week.

Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	13-Apr-17	06-Apr-17	
New Delhi	634	630	0.63
Rajkot	655	654	0.13
Hyderabad	619	610	1.48
Mumbai*	637	637	0.05

\*Vat Included

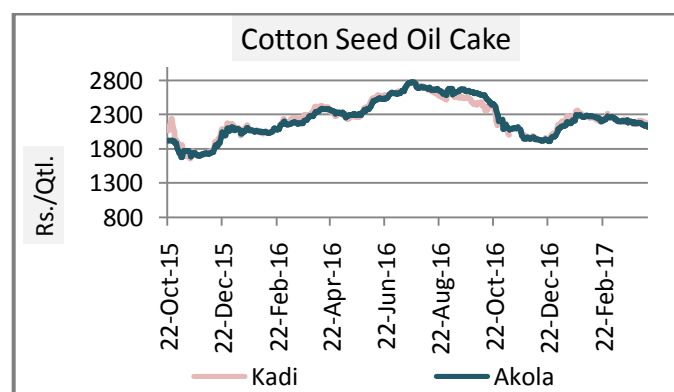


### Cotton Seed Oil Cake Weekly Price Scenario

Cotton seed oil cake price noticed mixed tone during the week. Weekly average price in Akola remained Rs 2145 per quintal, lower compared to the weekly average price of Rs 2179 per quintal in the previous week.

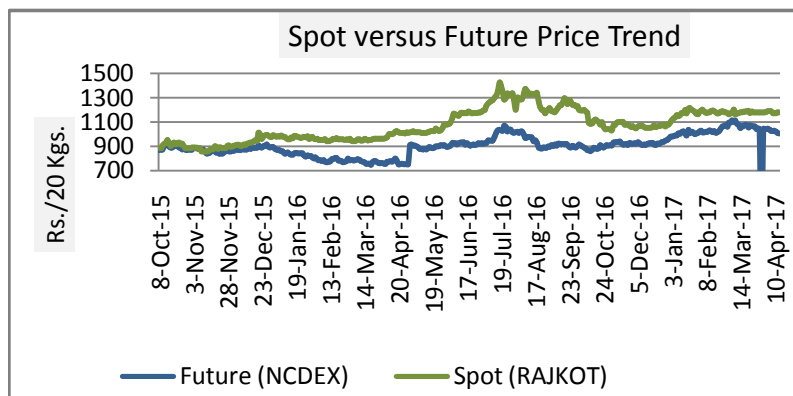
Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	13-Apr-17	06-Apr-17	
Kadi	2183	2195	-0.56
Akola	2145	2179	-1.53

\*Source: NCDEX



### Cotton Spot and Future Price Trend

Cotton future price closed lower this week. Kapas at NCDEX (April'17) closed at Rs. 1005 as on 13 Apr 2017, compared to 1035 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.158.1 which was Rs 144.4 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
1020	1000	1080	1100

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

**Major Market Highlights:** According to agriculture ministry, Mali's cotton production for the upcoming 2017/18 season is estimated at 725,000 tonnes compared to 645,000 tonnes in the current season. Plantation of more land, renewing subsidies and continuing a two-year-old programme that provides tractors at reduced prices will help in achieving higher production in the coming season.

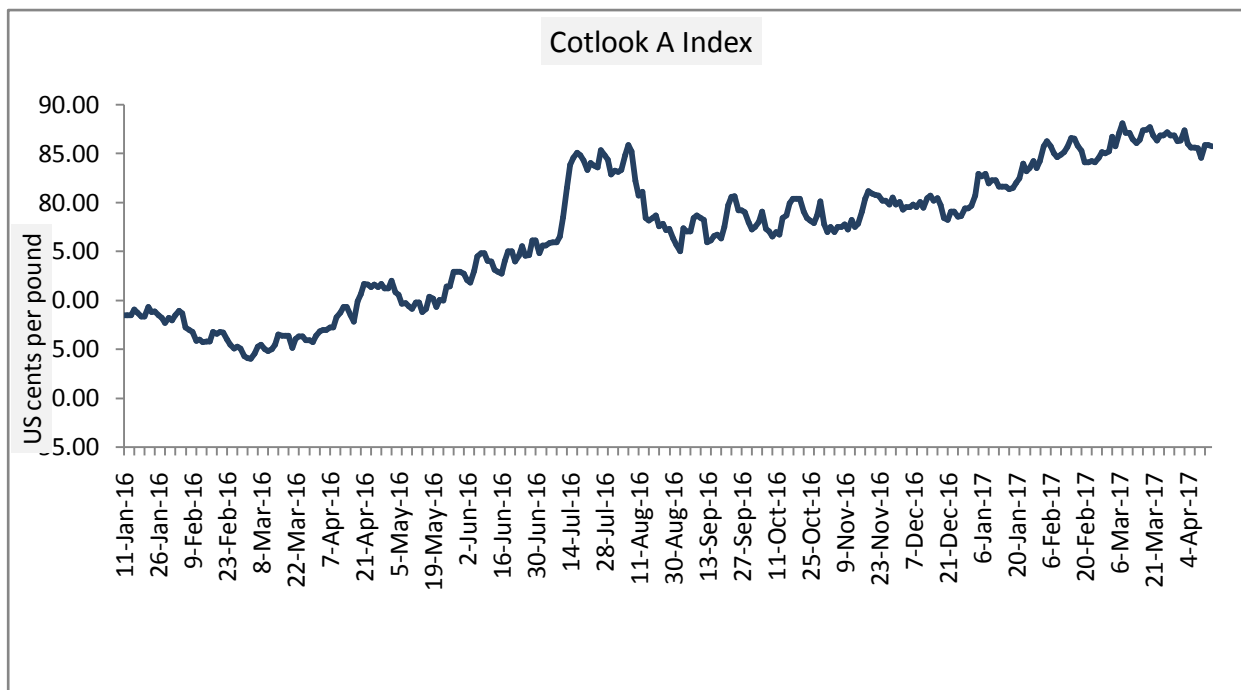
Good demand for quality lint, increasing prices in the global markets and lack of availability of quality cotton led to increase in cotton prices in Pakistan during the previous week. The Karachi Cotton Association increased its spot rates by Rs. 50 to Rs 6,700 per maund (37.3242 kg) and Rs 7,180 for 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 ginnerers.

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. 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 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
	06-Apr-17	06-Apr-16	
Prices	85.54	86.19	-0.8
Prices in US cents per Pound			



## China Cotton Index and Foreign Cotton Index

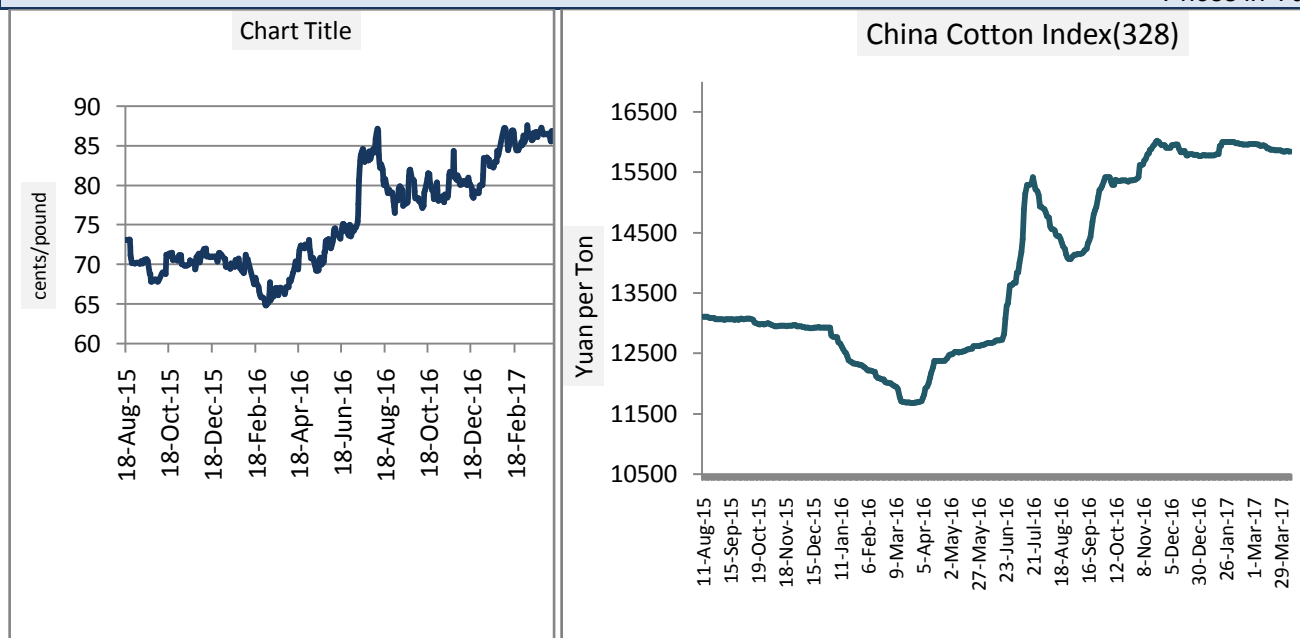
According to the National Bureau of Statistics, cotton production in China declined by 4.6 per cent in 2016 to 5.34 million tons compared to the previous year. Production has declined amid decline in acreage and yields. Acreage has declined by 11.1 per cent to 3.38 million hectares. Yields of cotton 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](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
	13-Apr-17	06-Apr-17	
FC (S)	88.88	89.01	-0.15
FC (M)	86.52	86.48	0.06
FC (L)	84.50	84.65	-0.18
Prices in US cents per Pound			

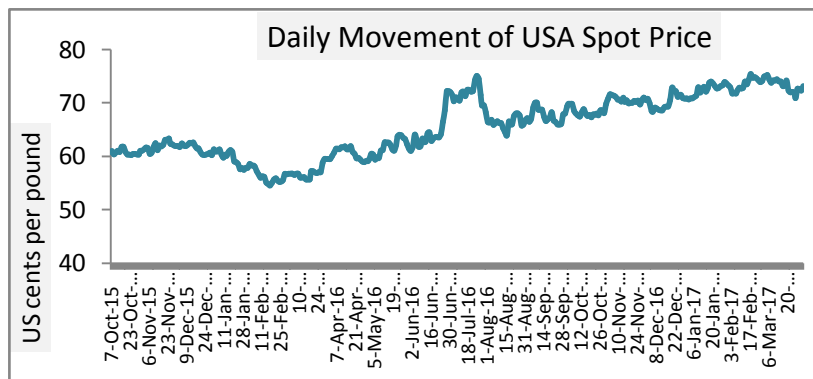
China Index remained weak during the week. CC Index (328) remained 14830 Yuan per ton during the week. Average was 14844 Yuan per ton during previous week.

Cotton Index	Weekly Average Price as on		% Change
	13-Apr-17	06-Apr-17	
CCIndex(229)	15849	15856	-0.05
CCIndex(328)	14830	14844	-0.09
CCIndex(527)	16241	16267	-0.16
Prices in Yuan per ton			



## USA Spot Prices

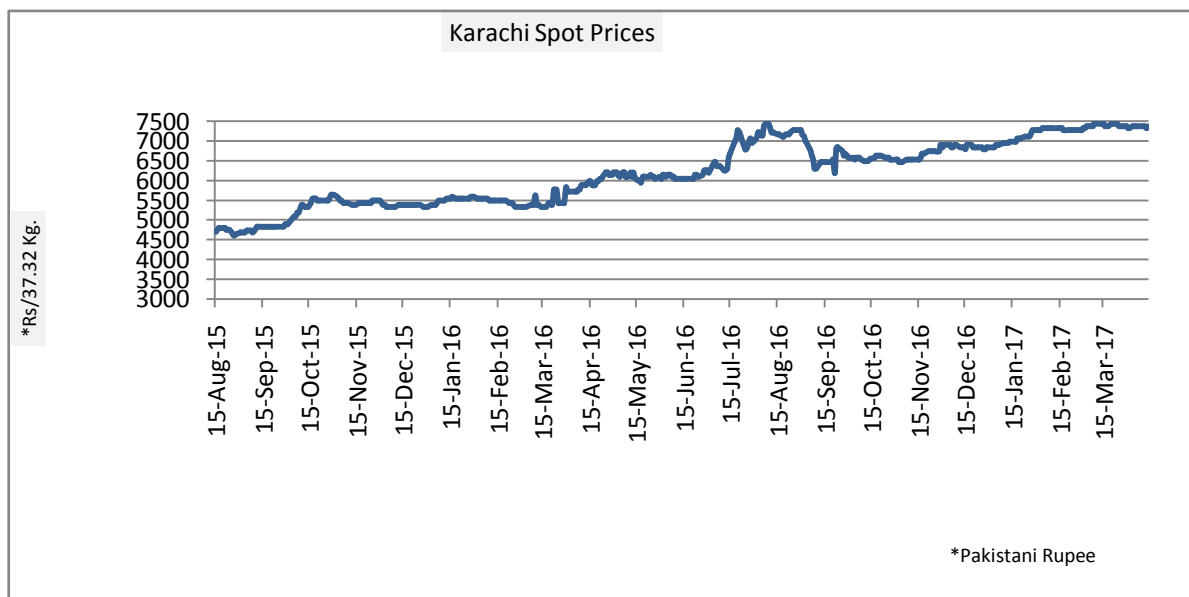
According to latest report of USDA, global 2016/17 cotton ending stocks are revised down this month. Production in Pakistan is estimated to be lower, based on arrivals at gins, but higher in China. World ending stocks are now projected at 90.48 million bales.



USA Spot Prices	Weekly Average Price as on		% Change
	13-Apr-17	06-Apr-17	
Prices	72.39	72.51	-0.17
Prices in US cents per Pound			

## Pakistan Spot Prices

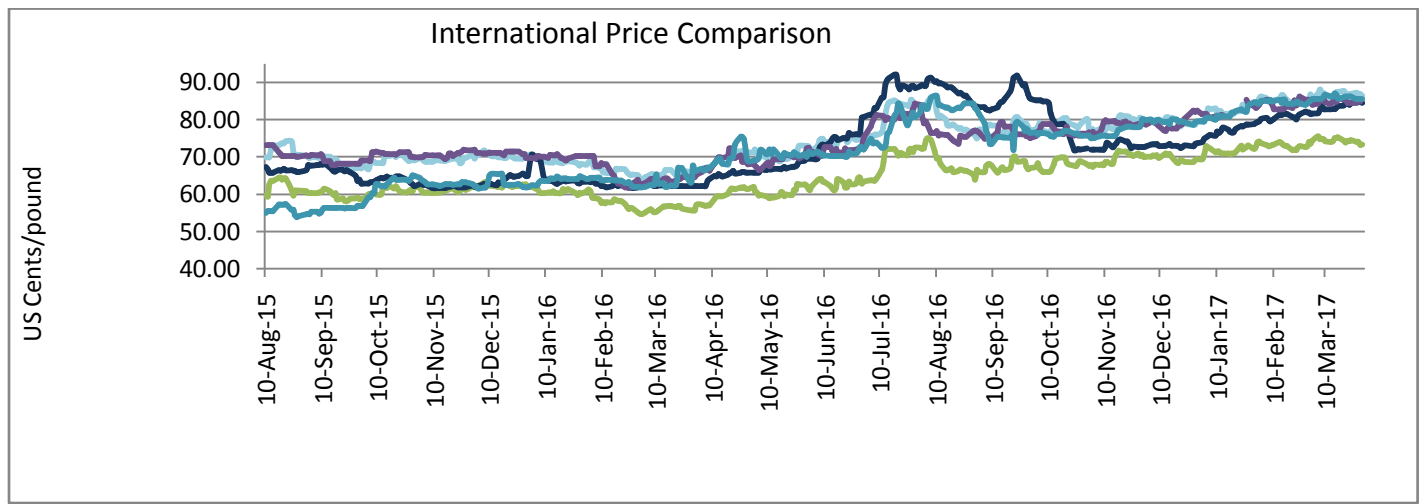
Annual growth output of Cotton in Pakistan has slowed to 12.3 per cent amid lower arrivals of seed cotton during the period December 01-15, 2016. Pakistan has harvested 10.147 million bales of cotton up to December 15,



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
	13-Apr-17	06-Apr-17	
Prices	7368	7361	0.10
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 weak.

### Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range bound to Bearish Momentum	73.00-78.00

### Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
75.00	73.50	78.50	80.00

Figures in US cents/pound

### Cotton Future Prices at ICE

Contracts	13-Apr	Week Ago	Month ago	Year Ago	%W-o-W change	%M-o-M change	%Y-o-Y change
May-17	75.62	74.51	76.87	61.63	1.49	-1.63	22.70
Jul-17	76.54	76.40	77.86	61.29	0.19	-1.70	24.88
Oct-17	73.91	73.74	75.29	60.81	0.22	-1.83	21.54
Dec-17	73.42	73.27	74.98	60.30	0.20	-2.08	21.76
Mar-18	73.58	73.18	74.82		0.55	-1.66	
May-18	73.85	73.31	74.74		0.74		

### 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	08th to 14th April.17	01st to 07th April.17	
Gujarat	Ahmedabad	Shankar-6	5800	5913	-113
	Gondal	Shankar-6	5848	5868	-20
	Rajkot	B.T. Cotton	5851	NA	-
	Patan	B.T. Cotton	5915	5917	-2
	Kadi	B.T. Cotton	5800	5970	-170
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5750	5863	-113
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	6045	6220	-175
	Bhiwani	Desi	NA	5240	-
	Adampur	B.T. Cotton	5879	5976	-97
	Fatehabad	B.T. Cotton	5906	6038	-132
	Jind	B.T. Cotton	NA	6059	-
	Uchana	B.T. Cotton	NA	6110	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	5940	6000	-60
	Rawatsar	B.T. Cotton	5719	5793	-74
Madhya Pradesh	Khandwa	Mech-1	5700	6000	-300
	Khargaon	Mech-1	5841	6043	-202
Maharashtra	Amravati	Mech-1	5581	5620	-39

	Jamner	Medium Staple	5658	5630	29
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5353	5306	47
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4160	4160	Unch
Karnataka	Bijapur	Bunny	6132	6171	-40
	Hubli	D.C.H.	5180	5969	-790
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5962	6046	-84
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	08th to 14th April.17	01st to 07th April.17	
Punjab	Bhatinda	J-34	4737	4802	-65
	Abohar	J-34	4732	4803	-71
	Mansa	J-34	4727	4786	-59
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4642	4703	-61
Rajasthan	Sri-Ganganagar	J-34	NA	4713	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	08th to 14th April.17	01st to 07th April.17	
Gujarat	Ahmedabad	Shankar-6	175100	127500	47600
	Gondal	Shankar-6	9149	2812	6337
	Rajkot	B.T. Cotton	16601	13100	3501
	Patan	B.T. Cotton	27001	10987	16014
	Kadi	B.T. Cotton	90000	90000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	2280	712	1568
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	2000	2900	-900
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1615	2380	-765

	Fatehabad	B.T. Cotton	1405	1575	-170
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	290	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	2445	1705	740
	Rawatsar	B.T. Cotton	1930	150	1780
Madhya Pradesh	Khandwa	Mech-1	352	765	-413
	Khargaon	Mech-1	9560	2260	7300
Maharashtra	Amravati	Mech-1	3200	6300	-3100
	Jamner	Medium Staple	1600	1296	304
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	18006	22163	-4157
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	13754	4556	9198
	Hubli	D.C.H.	24	16	8
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	2668	3711	-1043
Commodity	Lint		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	08th to 14th April.17	01st to 07th April.17	
Punjab	Bhatinda	J-34	2210	4590	-2380
	Abohar	J-34	1233	1615	-383
	Mansa	J-34	1573	1488	85
Haryana	Sirsa	J-34	2720	3230	-510
Rajasthan	Sri-Ganganagar	J-34	NA	154	-

### Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				07th to 13th April.17	31st Mar to 06th April.17	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	34167	34540	-373
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	35167	35540	-373
J-34(202)	26mm	3.5 - 4.9	23	43750	44280	-530
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	41650	42500	-850
Shankar-6(105)	29mm	3.5 – 4.9	28	43083	43780	-697

Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	45117	45340	-223
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	46200	46360	-160
DCH-32(107)	34mm	3.0 - 3.8	33	58000	58000	Unch

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