

## Current Market Outlook

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

Average price of Lint at Sirsa during the week was Rs. 4617 per maund (of 37.32 Kg each), compared to the previous week price of Rs 4563. Cotton fiber (Shankar-6) prices noticed firm tone this week. Average price was Rs 42533 per candy (of 355.6 kg each) during the week, which was Rs 41800 per candy previous week. Future price of cotton (at NCDEX, Continuous contract) closed higher this week at Rs. 988 per maund (of 20 kg each) which was Rs 969 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. 5400-5800 per quintal in the bench mark market. Lint price at Sirsa is likely to be in range of Rs 4500-4900 per maund. Kapas prices at NCDEX (Continuous contract), is expected to hover in the range of Rs.950-1050 per maund (of 20 kg each).

**Major Market Highlights:** As per the latest report published by USDA, India is expected to produce 28 million bales of cotton in 2017-18 which is 5.7% higher than the cotton produced last year in 2016-17.

The Indian govt. is planning to increase cotton MSP (Minimum Support Price) this year from Rs 3,860/quintal (medium staple cotton) & Rs 4,160/quintal (long staple cotton) in 2016-17 to Rs 4,020/quintal (medium staple cotton) & Rs 4,320/quintal (long staple cotton) in 2017-18.

In the 2016 -17 season, Indian cotton imports have touched an all time high of 30 lakh bales compared to 20 lakh bales previous season. Imports had touched an all time high of 25 lakh bales in 2001 -02 season. According to industry sources, farmers are expected to plant 20% more cotton in 2017 -18 season following good prices fetched during this season. The domestic and international market rates of cotton have been almost on par and most cotton mills in South India have found it feasible to import.

The govt. of India targeted a cotton crop production of 14.40 million bales in 2017-18 compared to the target of 14.1 million bales of production in 2016-17.

As per the latest report published by International Cotton Advisory Committee (ICAC), India's acreage area under cotton cultivation is expected to increase by 7% to 11.3 million hectares in 2017-18. While cotton production is projected to be around somewhat six million tonnes during the same duration. A higher cotton price and improved yield in 2016-17 has been the main contributing factors for the surge in acreage area under cotton cultivation in 2017-18.

On the other hand, India's cotton mill use is projected to increase by 2% to 5.2 million tonnes in 2017-18.

## 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.



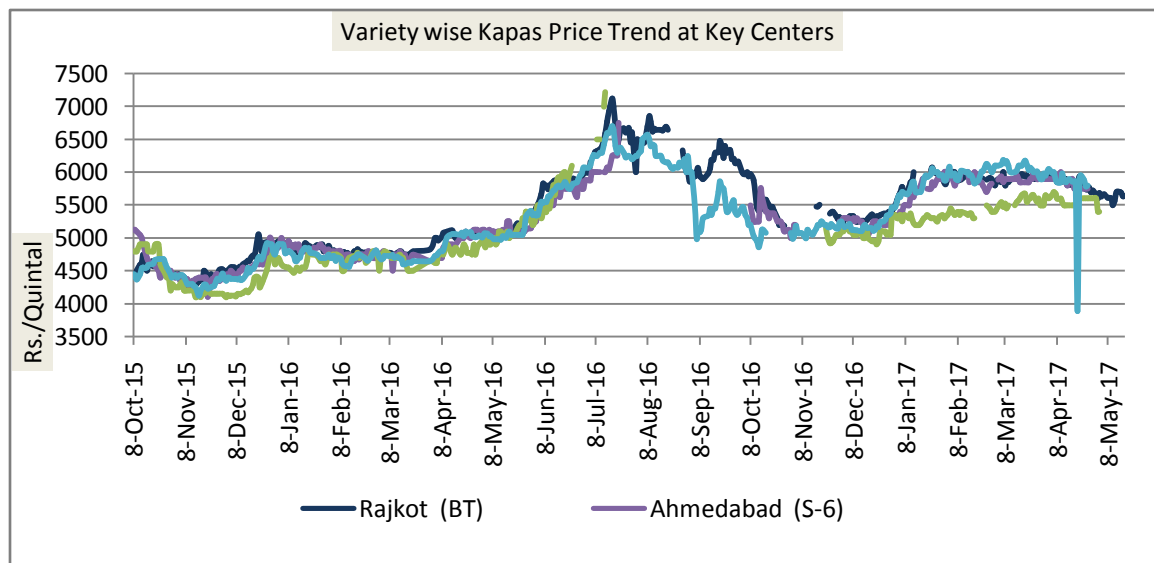
\*Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past 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 rose from Rs 5606/quintal to Rs 5655/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

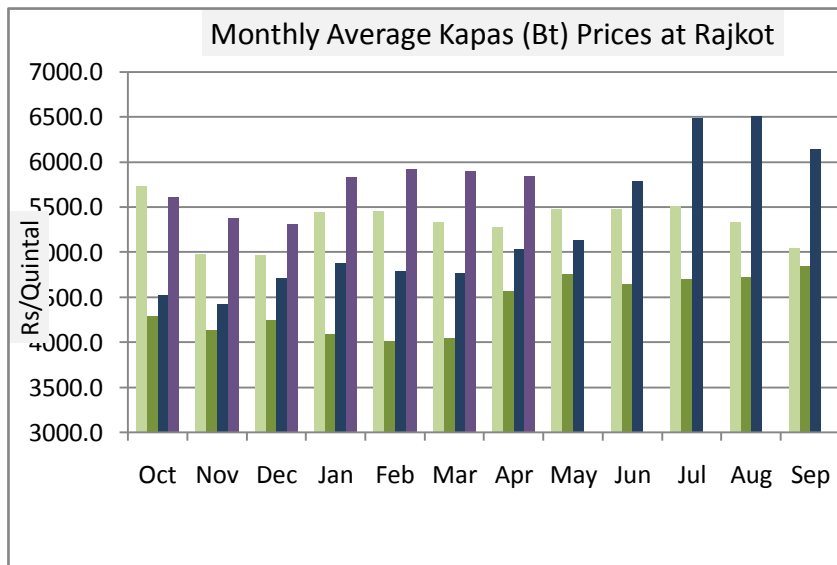


Weekly Price Outlook: Kapas prices are expected to remain range-bound to weak in coming days. The expected range for Kapas at Rajkot is Rs 5400-5800per quintal for the coming week.

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

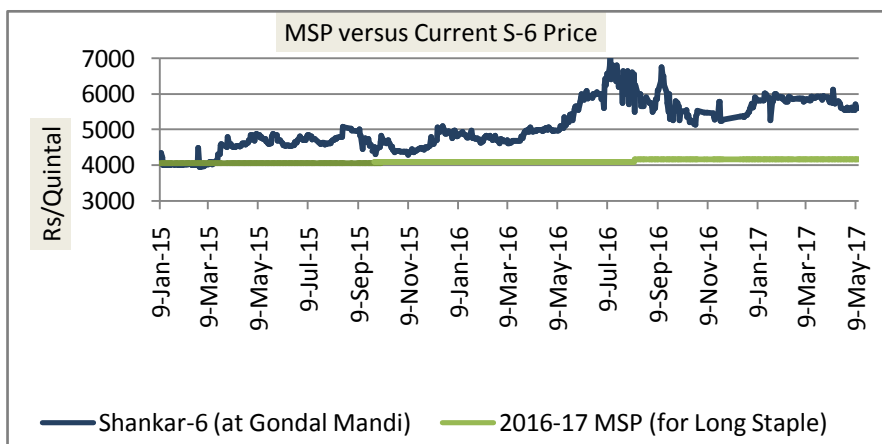
Kapas(seed cotton) prices in country noticed mixed tone during the April month when compared to the previous month, and the same is ruling higher compared to the prices during the corresponding month of the previous season.

Monthly average price of Kapas at Rajkot remained Rs.545 per quintal during April, which was Rs.5893 during previous month and Rs.5029 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 April month is likely to be Rs 5500-6000 per quintal.



## Spot Price versus MSP

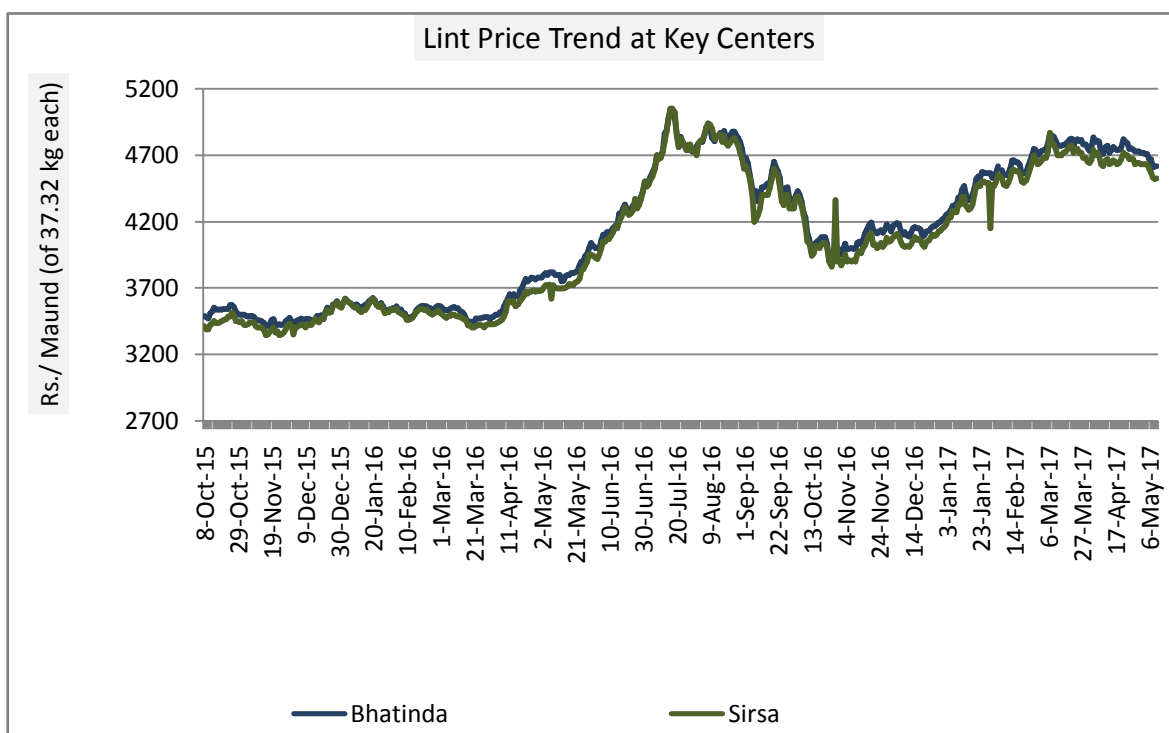
The Kapas prices are ruling above the MSP so far. The gap between the two prices has increased this week. The average gap between the prices was Rs.1453 this week compared to Rs.1433 a week earlier. This indicates prices are increasing



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

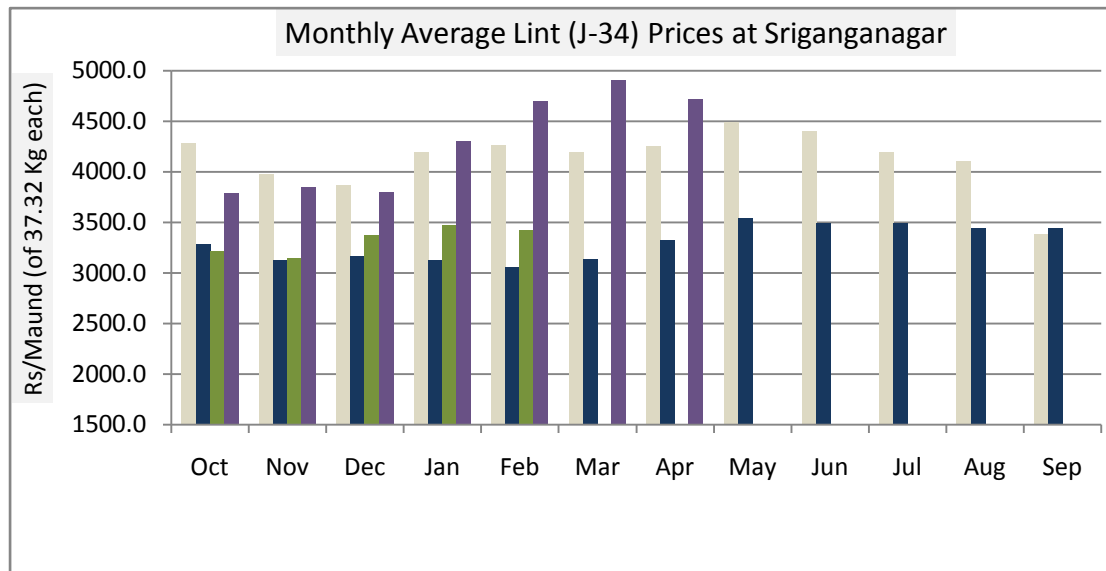
Weekly Price Review: Lint prices remained firm during the week owing to tight tone prevailing in market. Weekly average price of Lint at Sirsa remained Rs. 4617 per maund of 37.32 kg each, higher compared to the previous week price of Rs. 4563 per maund.

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. 4500-4900 per maund.



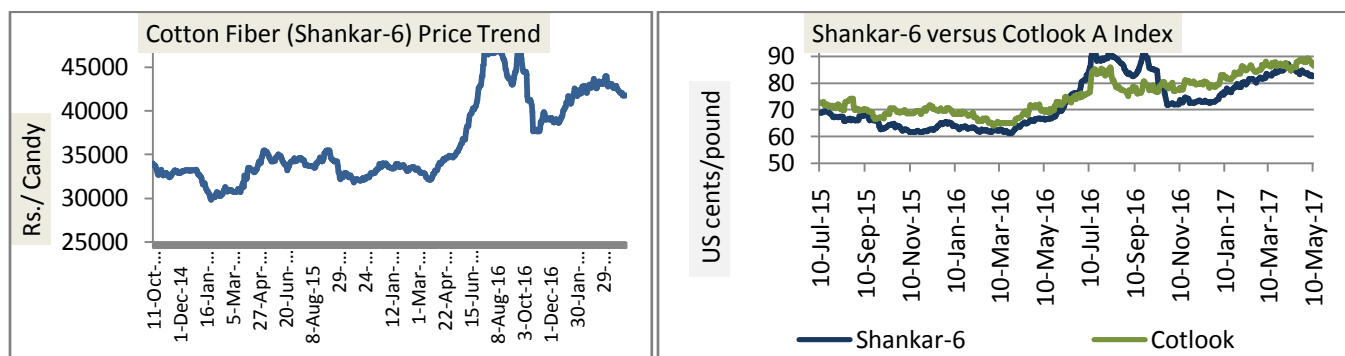
### Lint Monthly Y-o-Y Price Scenario

Monthly average price at Sri Ganganagar in April was Rs.4713/Qtl compared to Rs.4903/Qtl in March.



### Cotton Fiber Weekly Price Scenario

Following range-bound movement in Kapas prices, cotton fiber witnessed firm tone this week. Weekly average price of cotton (Shankar-6) at Mumbai remained Rs.42533 per candy (of 355.6 kg each) compared to Rs. 41800 per candy in the previous week.

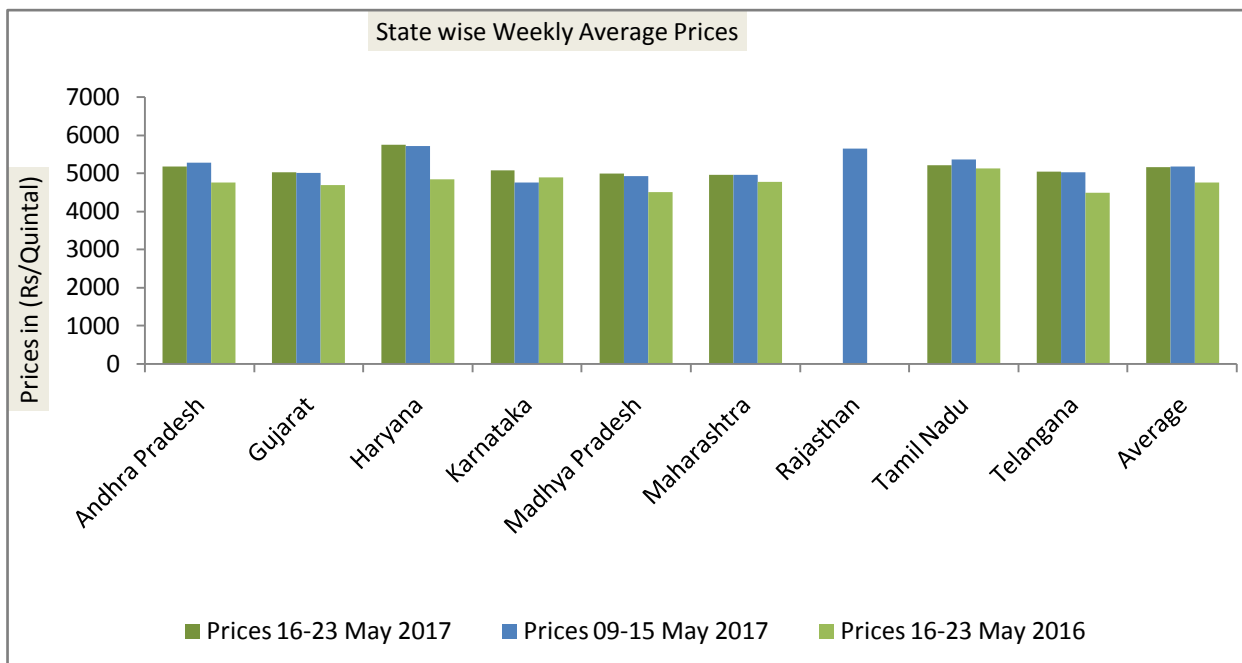


Indian Fiber price versus International Fiber Price: Indian fiber prices are ruling below the international price. Against the weekly average Cotlook A Index of 91.23 cents/pound, Indian weekly average price stood at 84.14 cents/pound, making Indian fiber competitive in international market.

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 Tamil Nadu this week and lowest was in Maharashtra followed by Madhya Pradesh.



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.

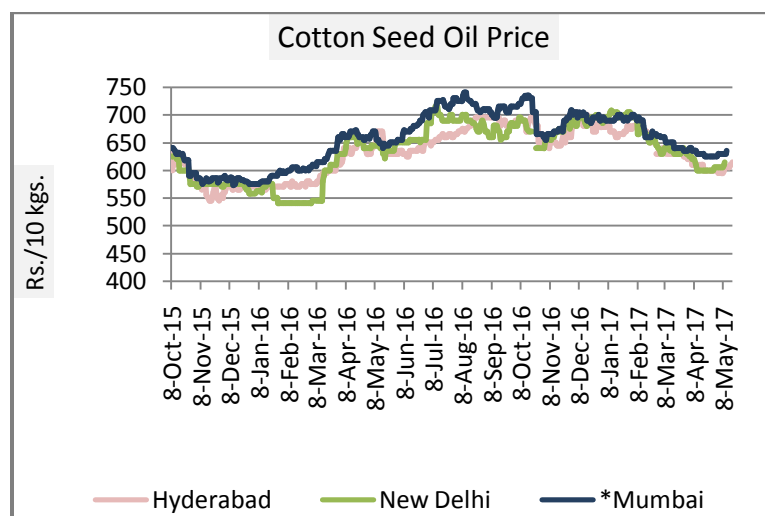
### Cotton Seed Oil and Cotton Seed Oil Cake

#### Cotton Seed Oil Weekly Price Scenario

Cotton seed oil price mostly remained firm during the week. Weekly average price in New Delhi remained Rs 608 per 10 Kg, higher compared to the weekly average price of Rs 603 per 10 Kg in previous week.

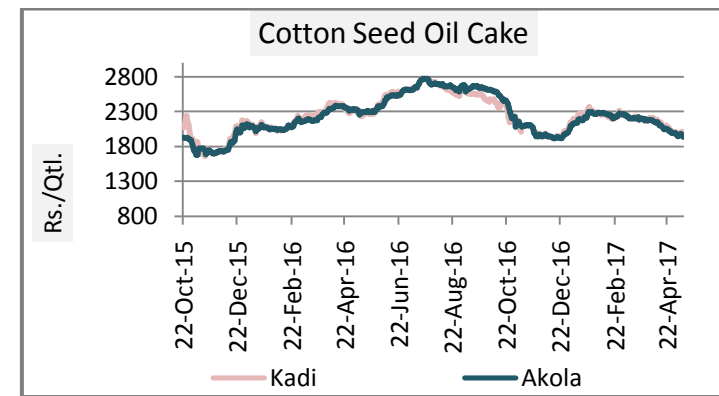
Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	18-May-17	11-May-17	
New Delhi	608	603	0.69
Rajkot	628	626	0.35
Hyderabad	608	599	1.53
Mumbai*	631	628	0.53

*\*Vat Included*



### Cotton Seed Oil Cake Weekly Price Scenario

Cotton seedoil cake price noticed pale tone during the week. Weekly average price in Akola remained Rs 1940 per quintal, lower compared to the weekly average price of Rs 1958 per quintal in the previous week.

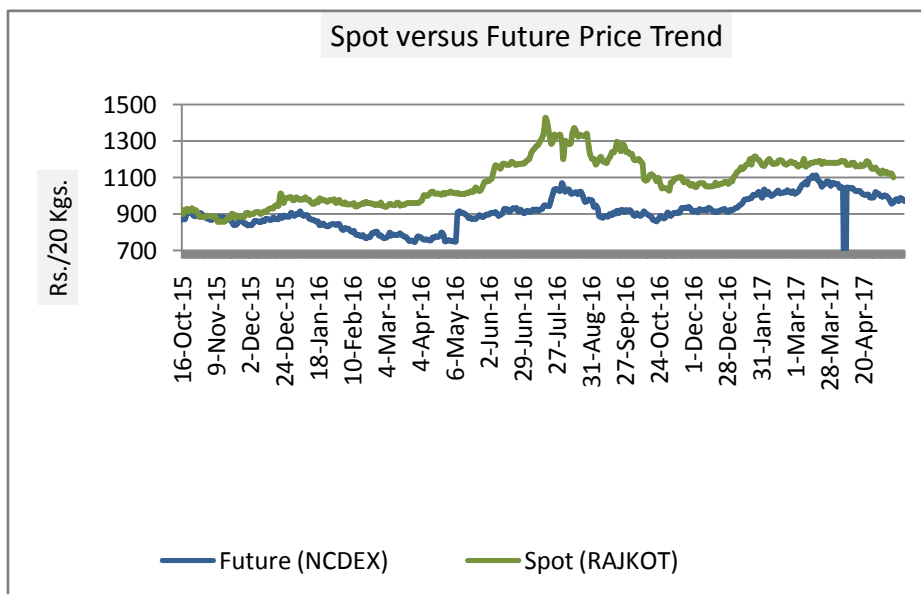


Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	18-May-17	11-May-17	
Kadi	1991	1998	-0.36
Akola	1940	1958	-0.90

\*Source: NCDEX

### Cotton Spot and Future Price Trend

Cotton future price closed higher this week. Kapas at NCDEX (Continuous chart) closed at Rs.988 as on 18 May 2017, compared to 969 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.141.8 which was Rs 141.6s a week earlier.



**Technical Analysis of Kapas Future Prices at NCDEX(Continuous Chart C1)**

**Weekly Technical Outlook:**

- Kapas prices and O.I increased while volume decreased for the week.
- RSI is increasing in the neutral zone.
- MACD signal line and center line denotes neutral crossover.

**Expected Price Range During Coming Week**

Expected Trend	Expected Trading Band
Range-bound To Firm Momentum	950-1050

**Expected Support and Resistance**

Support 1	Support 2	Resistance 1	Resistance 2
900	870	1080	1100

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 91.23 cents/pound this week, which was 87.47 cents/pound during last week.

**Major Market Highlights:** As per the latest report published by USDA, China is projected to produce 23.5 million bales of cotton in 2017-18 which is 3% higher than the cotton produced last year in 2016-17. While an increase in acreage area and improvement in yield could cause Pakistan to produce 8.5 million bales of cotton in 2017-18. Cotton production in Brazil and Australia too is projected to increase by 3% and 9% respectively in 2017-18.

In a bid to discourage imports and to promote domestic sowing and harvesting of cotton, the Pakistan govt. had re-imposed import duty of 4% & sales tax of 5% on import of cotton to the country that is going to get effective from 15th July, 2017.

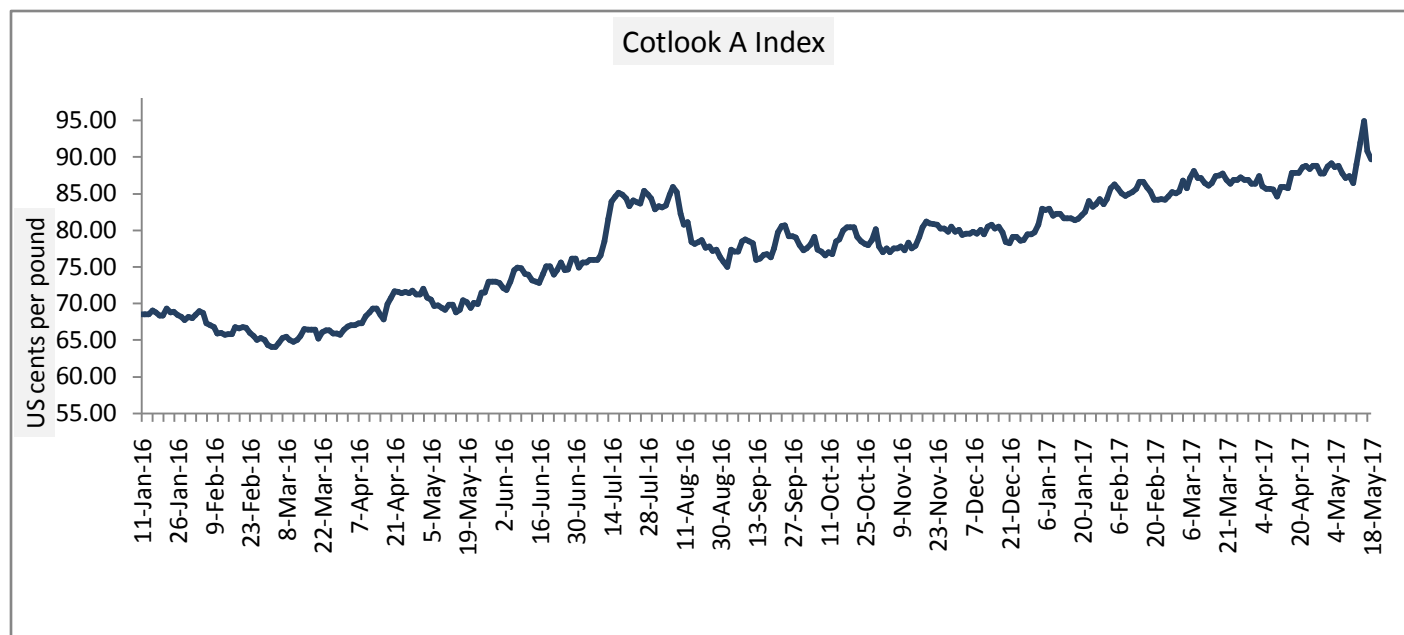
According to the latest report published by International Cotton Advisory Committee (ICAC), world's cotton area is likely to increase by 5% to 30.8 million hectares in 2017-18. A higher cotton price in China and a stable cotton policy there, the area under cotton cultivation is expected to increase by 3% to 2.9 million hectares while cotton production is expected to increase by 1% to 4.8 million tonnes in 2017-18. While, U.S is expected to increase its cotton acreage area by 12% this year to 4.3 million hectares and its production is expected to lie somewhat around at 4 million tonnes.

On the other hand, as per the same report issued by ICAC; world cotton use is expected to increase by 2% to 24.6 million tonnes in 2017-18. Cotton use in China, which is amongst the largest consumer, is projected to increase by 1% to 7.7 million tonnes in 2017-18. Due to the various government initiative introduced to promote cotton export by Pakistan, the cotton use in the country is also expected to increase by 1% to 2.3 million tonnes in 2017-18. Mill use in Bangladesh is also projected to rise by 5% to 1.5 million tonnes in 2017-18.

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 ginners.

## Cotlook A Index



Cotlook A index remained firm during the week.

Cotlook A Index	Weekly Average Price as on		% Change
	18-May-17	11-May-17	
Prices	91.23	87.47	4.3
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.

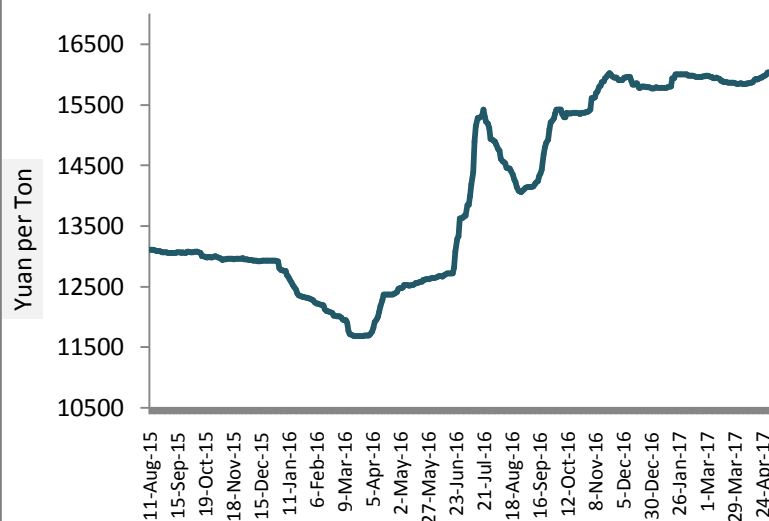
In 2016, China's cotton yarn import declined by 30 per cent y-o-y to 960 mkg worth US\$2430 million. According to report released by [www.yarnsandfibers.com](http://www.yarnsandfibers.com) (YarnsandFibers), imports from India declined by 49 per cent to US\$560 million for 231 mkg. Price-wise, Pakistan was the cheapest supplier of cotton yarn for China, followed by India and then by Vietnam.

Cotton Index	Weekly Average Price as on		% Change
	18-May-17	11-May-17	
FC (S)	91.83	89.36	2.77
FC (M)	89.09	86.80	2.65
FC (L)	87.31	84.73	3.04
Prices in US cents per Pound			

China Index remained firm during the week. CC Index (328) remained 16021 Yuan per ton during the week. Average was 16008 Yuan per ton during previous week.

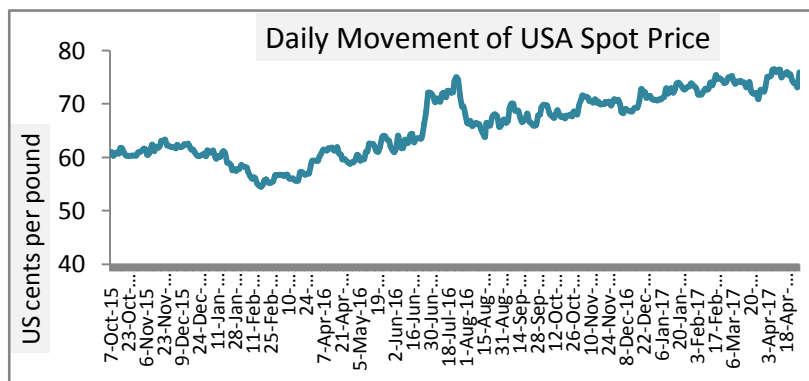
Cotton Index	Weekly Average Price as on		% Change
	18-May-17	11-May-17	
CCIndex(328)	16021	16008	0.08
CCIndex(527)	15001	14952	0.33
CCIndex(229)	16407	16372	0.22
Prices in Yuan per ton			

**FC Index (M)**

**China Cotton Index(328)**


## 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.



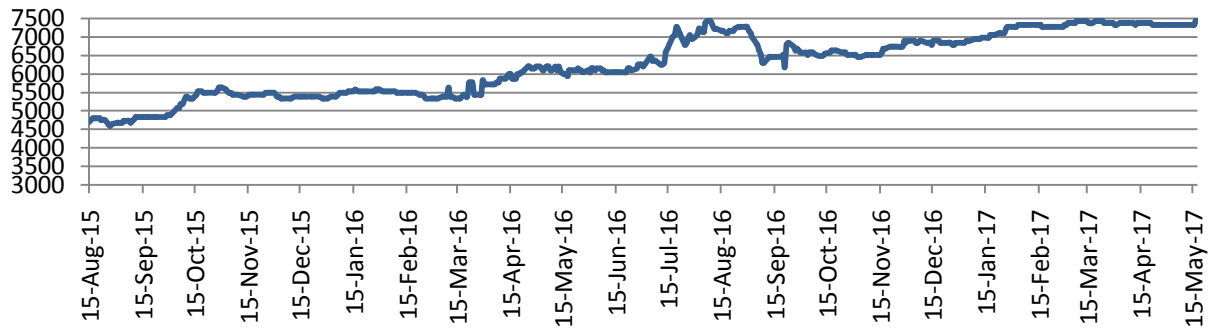
USA Spot Prices	Weekly Average Price as on		% Change
	18-May-17	11-May-17	
Prices	78.01	74.33	4.95
Prices in US cents per Pound			

## 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
	18-May-17	11-May-17	
Prices	7379	7325	0.74
Prices in Rs per 37.32 Kg			

Karachi Spot Prices

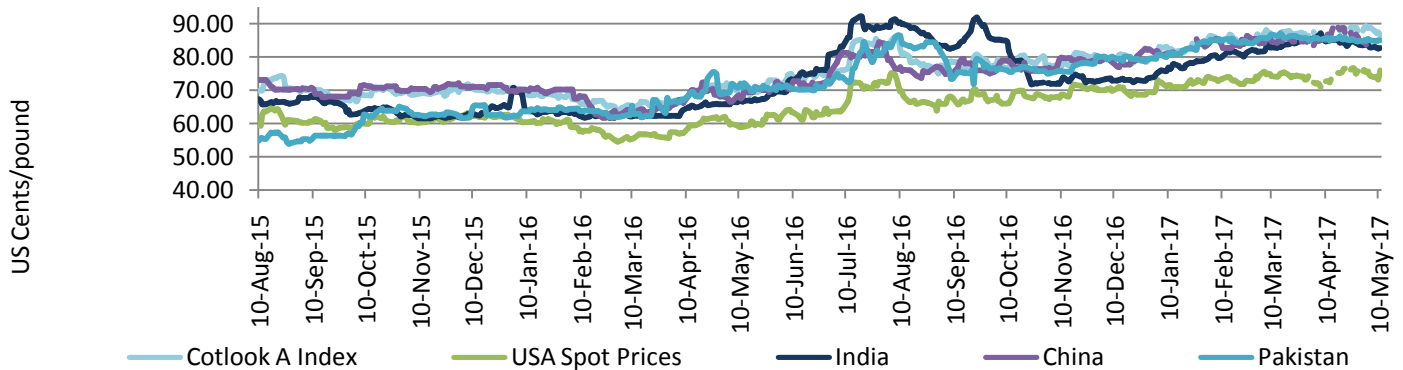


\*Rs/37.32 Kg.

\*Pakistani Rupee

## International Price Comparison

International Price Comparison



US Cents/pound

Cotlook A Index

USA Spot Prices

India

China

Pakistan

### Technical Analysis of Cotton Future (Jul'17 Contract) at ICE



#### Weekly Technical Outlook:

- Candlesticks denote range-bound movement in the market.
- Volume decreased while Open Interest increased.
- We expect cotton prices to remain sideways to firm in the coming week.

#### Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range bound to Bearish Momentum	74.00-88.00

#### Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
75.43	72.14	85.64	87.82

Figures in US cents/pound

### Cotton Future Prices at ICE

Contracts	17-May	Week Ago	Month ago	Year Ago	%W-o-W change	%M-o-M change	%Y-o-Y change
Jul-17	80.17	76.49	78.17	62.20	4.81	2.56	28.89
Oct-17	76.56	73.50	73.50	62.39	4.00	4.16	22.71
Dec-17	74.46	72.33	74.24	61.57	2.90	0.30	20.94
Mar-18	73.75	72.11	74.15		2.27	-0.54	
May-18	73.80	72.36	74.24		2.00	-0.59	
Jul-18	73.79	72.51			1.77		

## 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	13th to 19th May 2017	06th to 12th May 2017	
Gujarat	Ahmedabad	Shankar-6	5525	5500	25
	Gondal	Shankar-6	5615	5588	27
	Rajkot	B.T. Cotton	5672	5592	80
	Patan	B.T. Cotton	5357	5150	207
	Kadi	B.T. Cotton	5721	5542	179
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5258	5286	-28
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5825	5822	3
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	5808	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	5497	5408	89
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	5155	5198	-43
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5158	5200	-42
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	5868	5870	-1

	Hubli	D.C.H.	5594	4926	668
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5580	5540	40
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	13th to 19th May 2017	06th to 12th May 2017	
Punjab	Bhatinda	J-34	4713	4637	76
	Abohar	J-34	4713	4632	82
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4623	4548	76
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	13th to 19th May 2017	06th to 12th May 2017	
Gujarat	Ahmedabad	Shankar-6	153000	153000	Unch
	Gondal	Shankar-6	4408	5128	-720
	Rajkot	B.T. Cotton	8620	16350	-7730
	Patan	B.T. Cotton	3625	6974	-3349
	Kadi	B.T. Cotton	102500	75000	27500
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	494	300	194
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	NA	NA	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NA	NA	-
	Fatehabad	B.T. Cotton	NA	NA	-
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	NA	242	-
	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	11050	2370	8680
Maharashtra	Amravati	Mech-1	NA	NA	-



	Jamner	Medium Staple	1280	881	399
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	1331	2164	-833
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	8451	8480	-29
	Hubli	D.C.H.	3170	10	3160
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	1087	1195	-108
Commodity	Lint		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	13th to 19th May 2017	06th to 12th May 2017	
Punjab	Bhatinda	J-34	1105	1615	-510
	Abohar	J-34	NA	340	-
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	1190	1530	-340
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

#### Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				12th to 18th May 2017	05th to 11th May 2017	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	35283	34417	867
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36283	35417	867
J-34(202)	26mm	3.5 - 4.9	23	43650	43117	533
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40733	40133	600
Shankar-6(105)	29mm	3.5 - 4.9	28	42533	41767	767
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44250	43700	550
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	46167	46000	167
DCH-32(107)	34mm	3.0 - 3.8	33	56800	57500	-700

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