

## **Current Market Outlook**

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

Average price of Lint at Sirsa during the week was Rs. 4637 per maund (of 37.32 Kg each), compared to the previous week price of Rs 4576. Cotton fiber (Shankar-6) prices noticed firm tone this week. Average price was Rs 42967 per candy (of 355.6 kg each) during the week, which was Rs 42633 per candy previous week. Future price of cotton (at NCDEX, Continuous contract) closed lower this week at Rs. 923.5 per maund (of 20 kg each) which was Rs 943 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. 5300-5700 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. 900-1000 per maund (of 20 kg each).

**Major Market Highlights:** According to the official figures, cotton has been sown on 12.18 lakh hectares as on June 02, 2017 across the country compared to 9.39 lakh hectares during the same period previous year. Acreage under cotton has jumped around 30 per cent as farmers in Haryana, Punjab and Karnataka have increased the area on better price during the previous season.

The sale of cotton seeds has picked up with sowing going on in full swing in the states of Punjab, Haryana, Rajasthan and some parts of Karnataka. According to the National Seeds Association of India (NSAI), cotton seed sales are likely to cross 5.5 to 6.5 lakh packs ( each of 450 gms) this season.

Farmers are likely to increase the area under cotton amid expectation of good monsoon this season and higher price of cotton during the previous season, farmers. According to initial projections by the Central Institute of Cotton Research, Nagpur, the cotton area sown would be around 6 lakh hectares in Haryana (compared to 4.98 lakh hectares during 2016-17) and 4 lakh hectare in Punjab (compared to 2.56 lakh hectares in 2016-17).

Cotton output for 2016 -17 has been estimated at 340.50 lakh bales for the month of April, same as that of March according to Cotton Association of India. The projected balance sheet drawn by the CAI estimated total cotton supply for the season at 410.50 lakh bales, while the domestic consumption is estimated at 300 lakh bales, which will leave an available surplus of 110.50 lakh bales.

The Indian Council of Agricultural Research (ICAR)- Central Institute of Cotton Research (CICR) predicted India's cotton acreage area to rise by 7-10 per cent this year (2017-18) from 105 lakh hectares of land brought under cotton cultivation last year i.e. 2016-17.

## 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

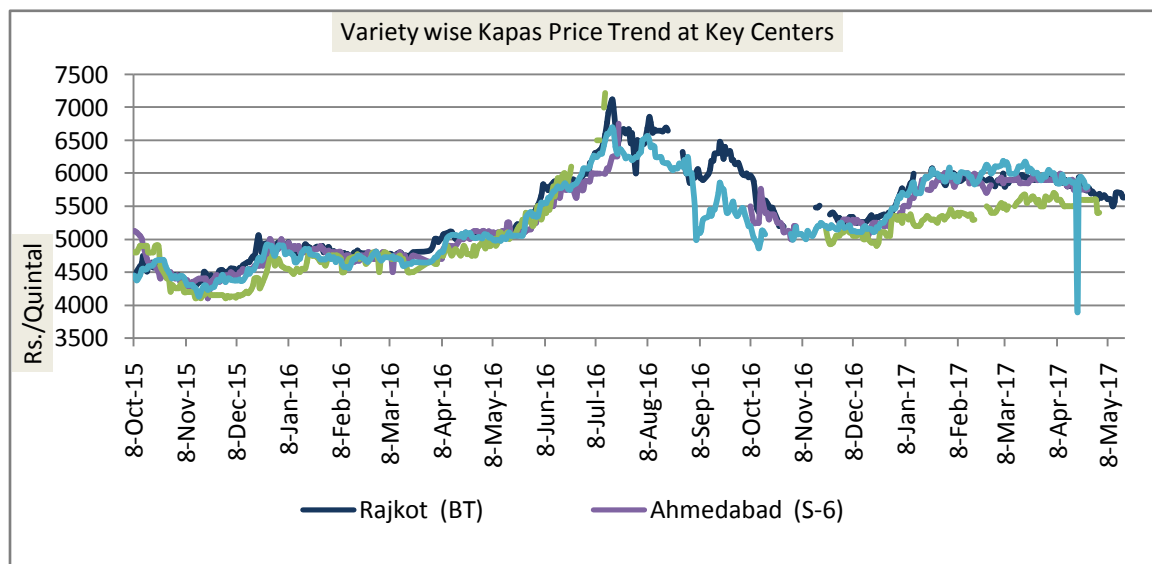
#### Weekly Price Review:

Weekly kapas average price at Rajkot fell from Rs 5653/quintal to Rs 5620/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

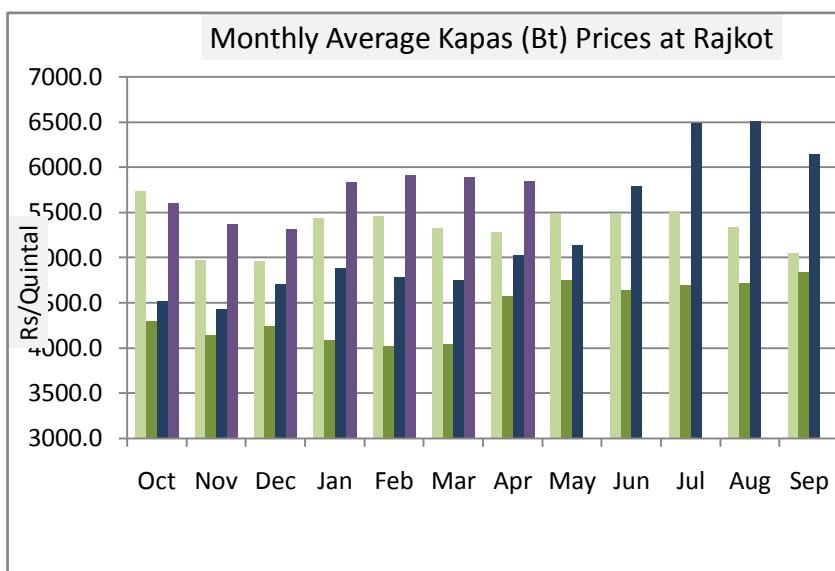
Weekly Price Outlook: Kapas prices are expected to remain range-bound to weak in coming days. The expected range for Kapas at Rajkot is Rs 5300-5700per quintal for the coming week.



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

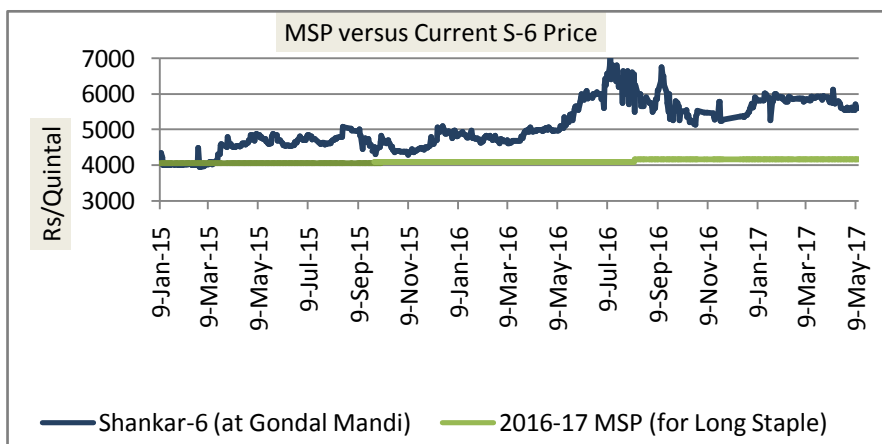
Kapas(seed cotton) prices in country noticed mixed tone during the April month when compared to the previous month, and the same is ruling higher compared to the prices during the corresponding month of the previous season.

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 May month is likely to be Rs 5500-6000 per quintal.



## Spot Price versus MSP

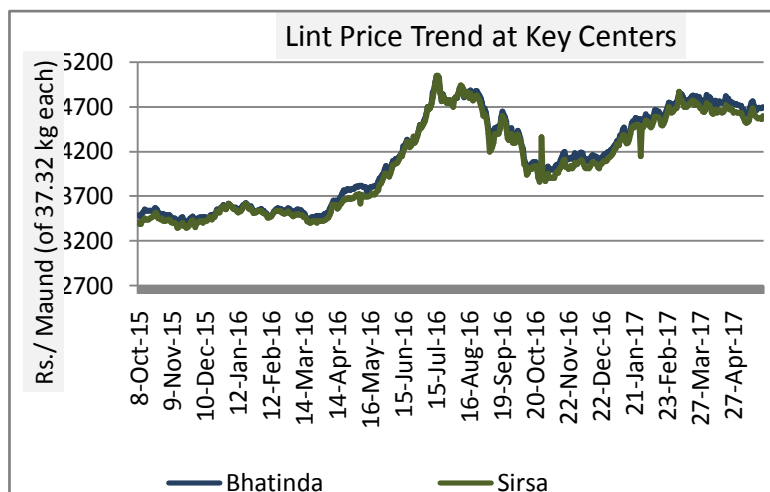
The Kapas prices are ruling above the MSP so far. The gap between the two prices has decreased this week. The average gap between the prices was Rs.1248 this week compared to Rs.1382 a week earlier. This indicates prices are decreasing



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

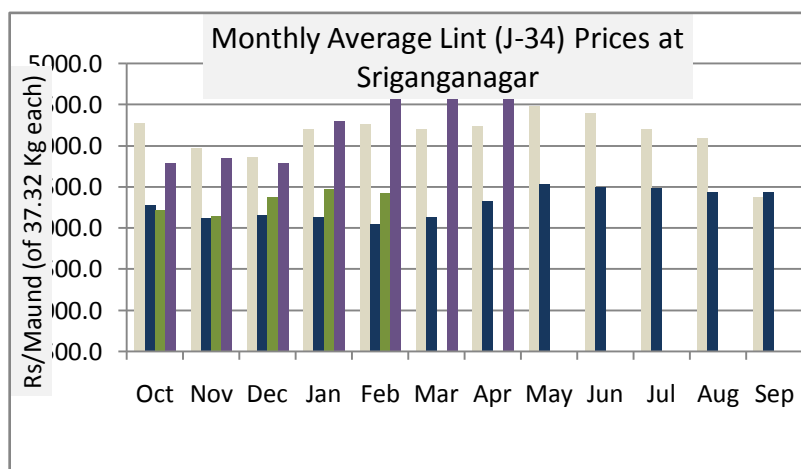
**Weekly Price Review:** Lint prices remained firm during the week owing to tight tone prevailing in market. Weekly average price of Lint at Sirsa remained Rs. 4637 per maund of 37.32 kg each, higher compared to the previous week price of Rs. 4576 per maund.

**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. 4500-4900per maund.



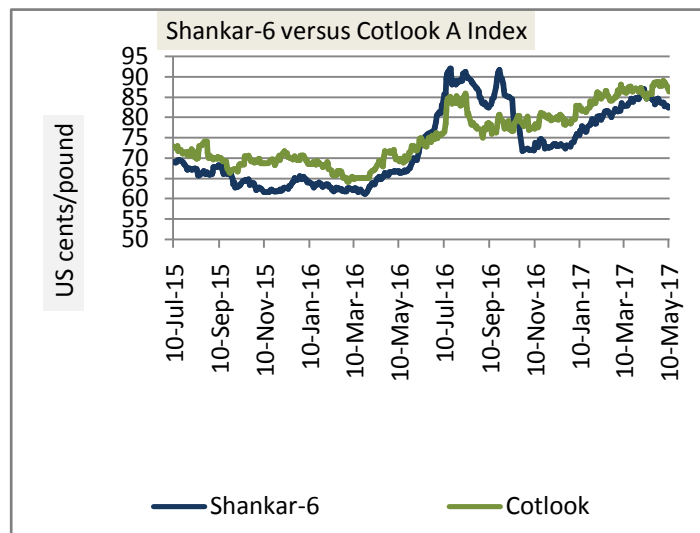
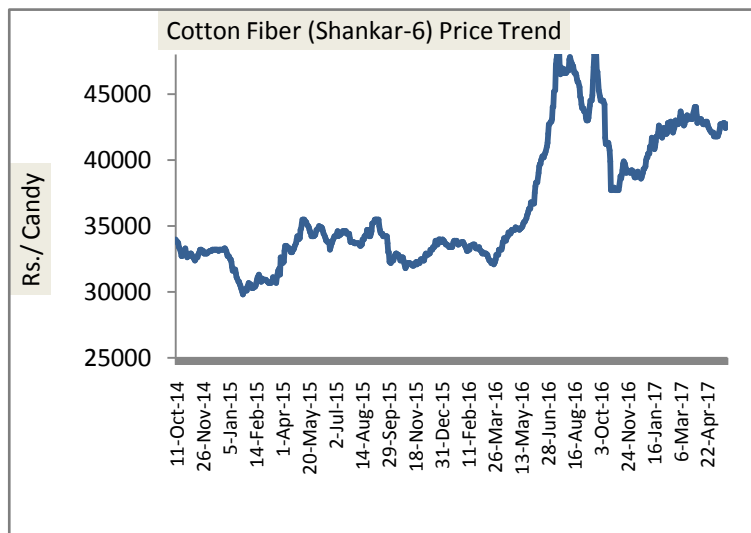
## Lint Monthly Y-o-Y Price Scenario

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.42967 per candy (of 355.6 kg each) compared toRs. 42633 per candy in the previous week.

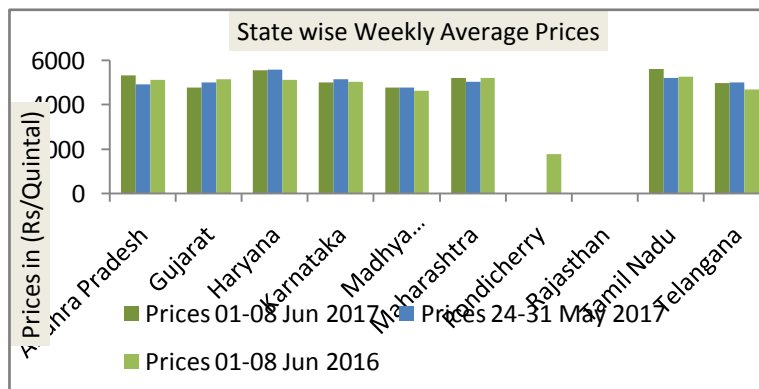


Indian Fiber price versus International Fiber Price: Indian fiber prices are ruling below the international price. Against the weekly average Cotlook A Index of 87.11 cents/pound, Indian weekly average price stood at 84.66 cents/pound, making Indian fibercompetitive in international market.

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 Haryana this week and lowest was in Madhya Pradesh followed by Gujarat. 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.



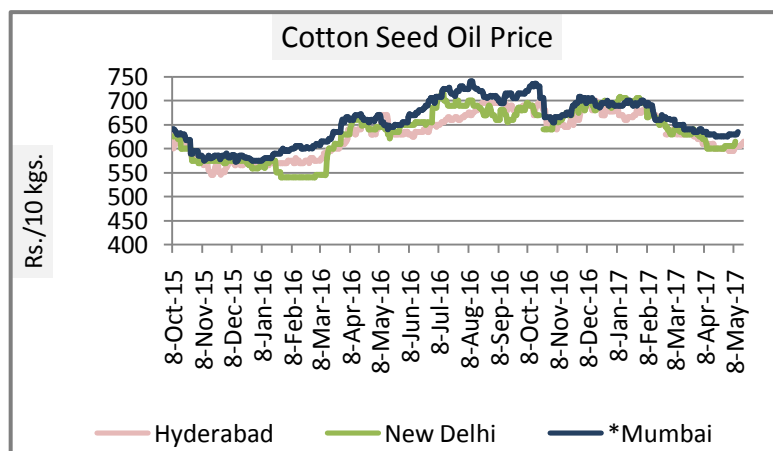
## Cotton Seed Oil and Cotton Seed Oil Cake

### Cotton Seed Oil Weekly Price Scenario

Cotton seed oil price mostly remained pale during the week. Weekly average price in New Delhi remained Rs 613 per 10 Kg, lower compared to the weekly average price of Rs 631 per 10 Kg in previous week.

Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	01-Jun-17	25-May-17	
New Delhi	613	631	-2.77
Rajkot	632	651	-2.94
Hyderabad	605	616	-1.76
Mumbai*	639	639	0.05

*\*Vat Included*

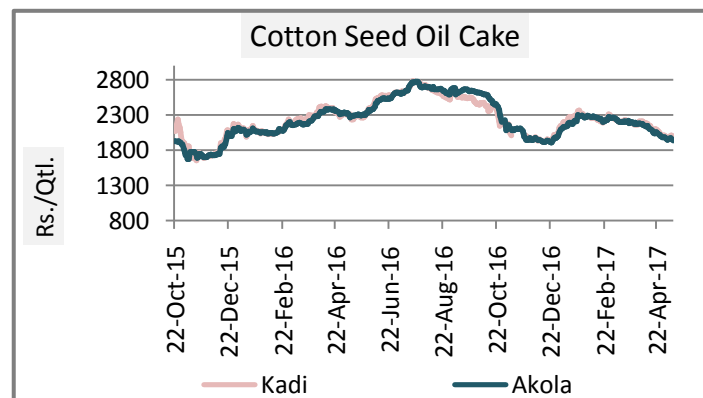


### Cotton Seed Oil Cake Weekly Price Scenario

Cotton seed oil cake price noticed pale tone during the week. Weekly average price in Akola remained Rs 1876 per quintal, lower compared to the weekly average price of Rs 1932 per quintal in the previous week.

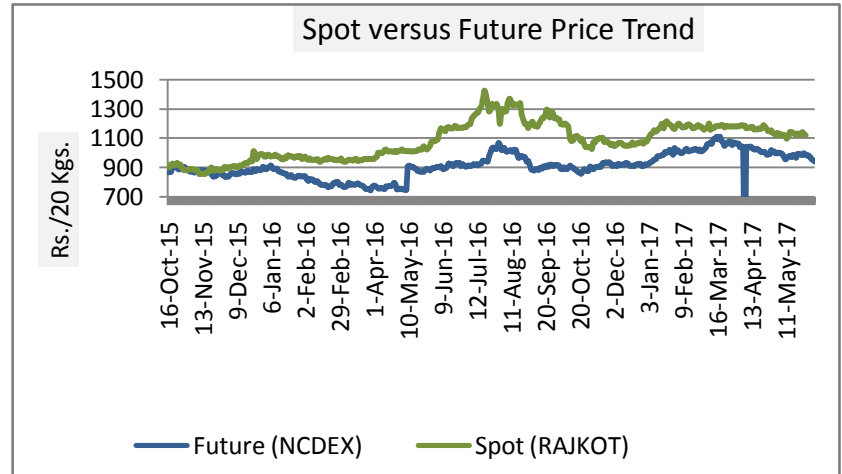
Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	01-Jun-17	25-May-17	
Kadi	1885	1966	-4.14
Akola	1876	1932	-2.89

*\*Source: NCDEX*

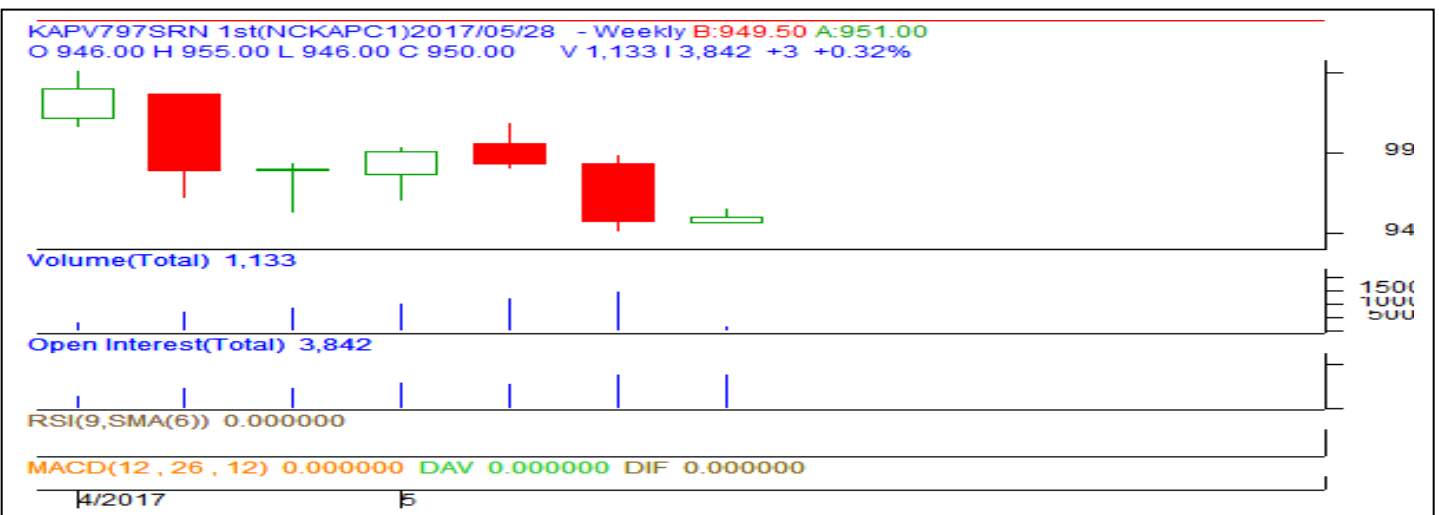


### Cotton Spot and Future Price Trend

Cotton future price closed lower this week. Kapas at NCDEX (Continuous chart) closed at Rs.923.5 as on 01 June 2017, compared to 943 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.185.5 which was Rs 165.9 a week earlier.



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



#### Weekly Technical Outlook:

- Kapas prices increased while volume and O.I decreased for the week.
- RSI is hovering in a 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	900-1000

#### Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
850	800	1080	1100

Figures in Rs/20 Kg



## International Market Scenario

International cotton prices remained range bound to pale during the week. Cotlook A index weekly average stood at 88.01 cents/pound this week, which was 91.23 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.

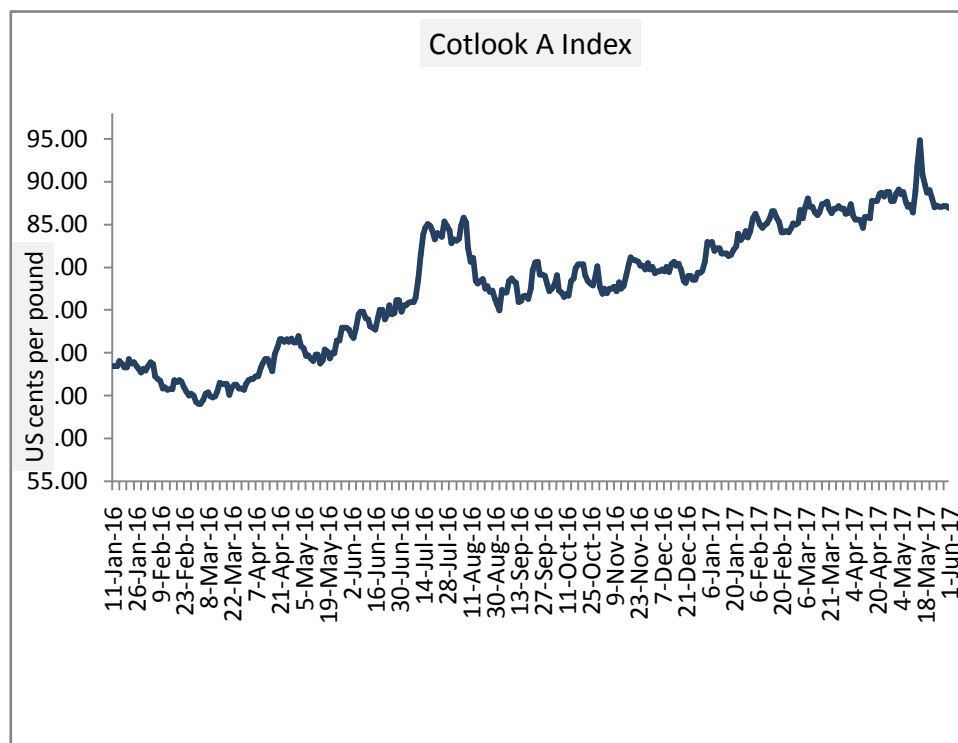
According to agriculture ministry, Mali's cotton production for the upcoming 2017/18 season is estimated at 725,000 tonnes compared to 645,000 tonnes in the current season. Plantation of more land, renewing subsidies and continuing a two-year-old programme that provides tractors at reduced prices will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



Cotlook A Index	Weekly Average Price as on		% Change
	01-Jun-17	25-May-17	
Prices	87.11	88.01	-1.0
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.

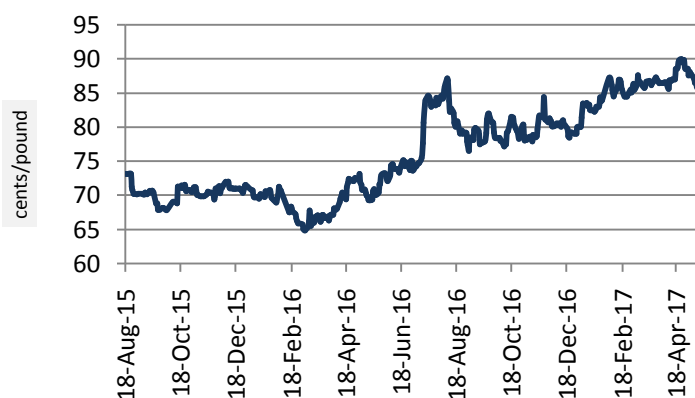
In 2016, China's cotton yarn import declined by 30 per cent y-o-y to 960 mkg worth US\$2430 million. According to report released by [www.yarnsandfibers.com](http://www.yarnsandfibers.com) (YarnsandFibers), imports from India declined by 49 per cent to US\$560 million for 231 mkg. Price-wise, Pakistan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

Cotton Index	Weekly Average Price as on		% Change
	01-Jun-17	25-May-17	
FC (S)	89.85	90.04	-0.21
FC (M)	87.14	87.24	-0.11
FC (L)	84.76	84.94	-0.20
Prices in US cents per Pound			

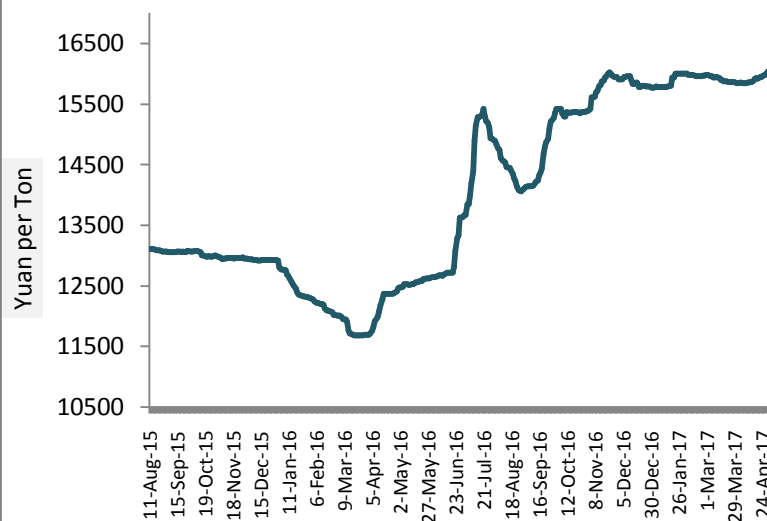
China Index remained firm during the week. CC Index (328) remained 16075 Yuan per ton during the week. Average was 16071 Yuan per ton during previous week.

Cotton Index	Weekly Average Price as on		% Change
	01-Jun-17	25-May-17	
CCIndex(328)	16075	16071	0.02
CCIndex(527)	15060	15040	0.14
CCIndex(229)	16462	16452	0.06
Prices in Yuan per ton			

FC Index (M)

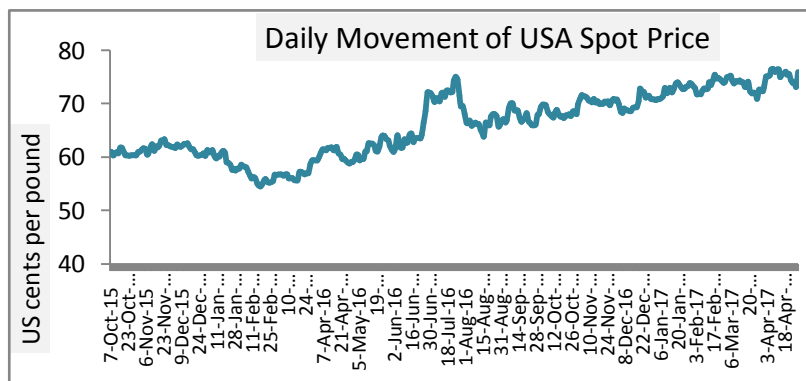


China Cotton Index(328)



## USA Spot Prices

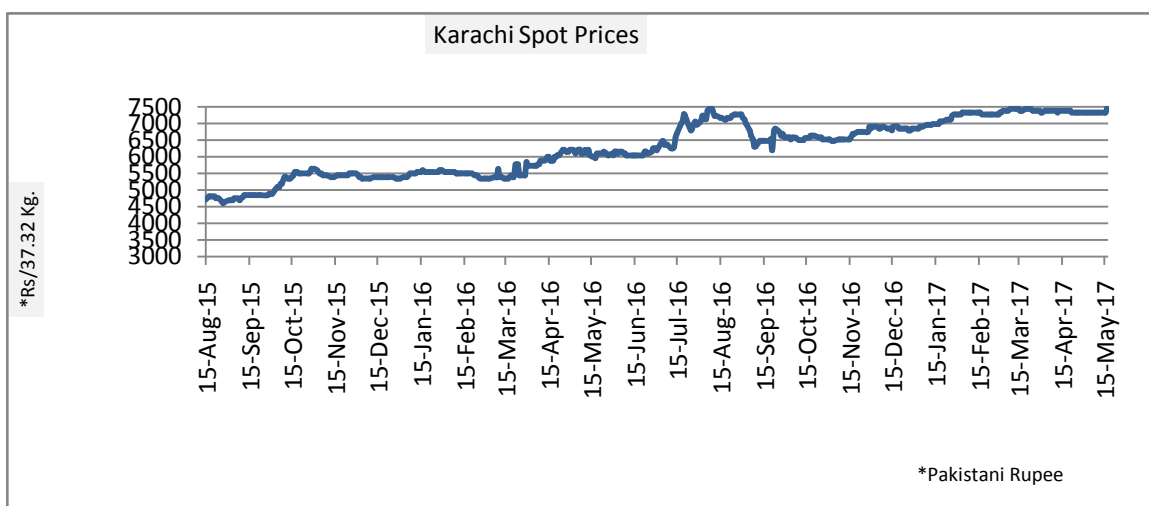
According to latest report of USDA, global 2016/17 cotton ending stocks are revised down this month. Production in Pakistan is estimated to be lower, based on arrivals at gins, but higher in China. World ending stocks are now projected at 90.48 million bales.



USA Spot Prices	Weekly Average Price as on		% Change
	01-Jun-17	25-May-17	
Prices	74.53	75.22	-0.92
Prices in US cents per Pound			

## Pakistan Spot Prices

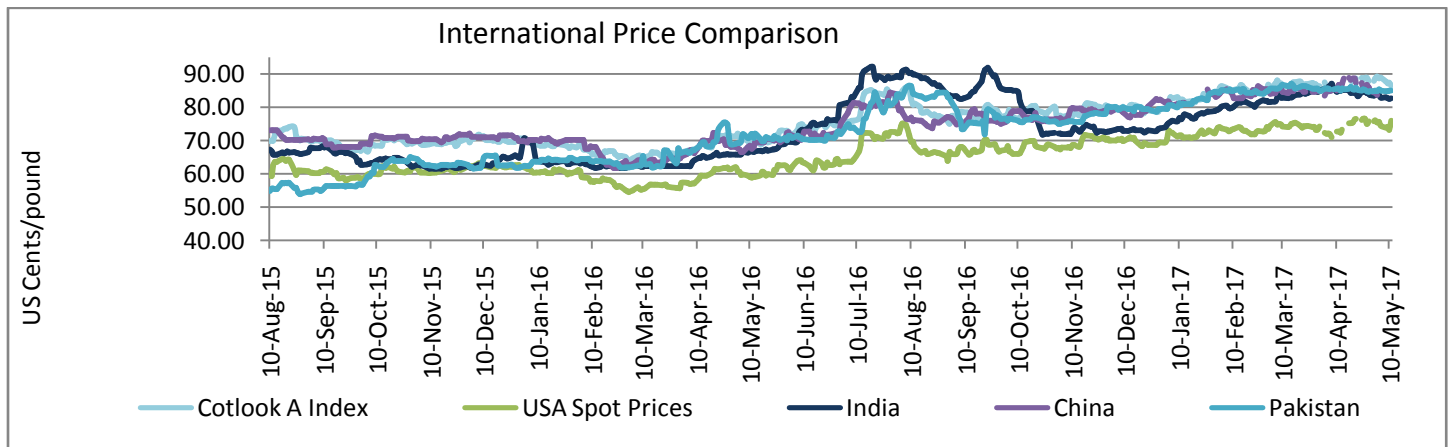
Annual growth output of Cotton in Pakistan has slowed to 12.3 per cent amid lower arrivals of seed cotton during the period December 01-15, 2016. Pakistan has harvested 10.147 million bales of cotton up to December 15, 2016 according to data released



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
	01-Jun-17	25-May-17	
Prices	7451	7406	0.61
Prices in Rs per 37.32 Kg			

## International Price Comparison



## 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	31-May	Week Ago	Month ago	Year Ago	%W-o-W change	%M-o-M change	%Y-o-Y change
Jul-17	76.98	77.54	78.87	63.94	-0.72	-2.40	20.39
Oct-17	75.04	74.50	75.99	63.99	0.70	-1.25	17.27
Dec-17	72.79	73.08	74.62	63.55	-0.39	-2.45	14.54
Mar-18	72.42	72.85	74.20		-0.59	-2.40	
May-18	72.74	73.18	74.18		-0.60	-1.94	
Jul-18	73.07	73.38			-0.42		

### 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	27th May to 02nd June 2017	20th to 26th May 2017	
Gujarat	Ahmedabad	Shankar-6	5575	5550	25
	Gondal	Shankar-6	5396	5508	-112
	Rajkot	B.T. Cotton	5615	5643	-28
	Patan	B.T. Cotton	NA	5850	-
	Kadi	B.T. Cotton	5533	5613	-80
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5088	4894	194
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5913	5871	42
	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	NA	-

	Rawatsar	B.T. Cotton	NA	NA	-
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaoon	Mech-1	NA	5603	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	5265	5182	83
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5100	5117	-17
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	5863	5829	34
	Hubli	D.C.H.	5484	5509	-25
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5610	5606	4
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	27th May to 02nd June 2017	20th to 26th May 2017	
Punjab	Bhatinda	J-34	4749	4690	59
	Abohar	J-34	4744	4685	59
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4647	4579	68
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

#### Cotton Arrivals in Key Centers:

Commodity	Kapas		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	27th May to 02nd June 2017	20th to 26th May 2017	
Gujarat	Ahmedabad	Shankar-6	127500	142800	-15300
	Gondal	Shankar-6	6719	6141	578
	Rajkot	B.T. Cotton	11200	9825	1375
	Patan	B.T. Cotton	NA	433	-
	Kadi	B.T. Cotton	30000	67500	-37500
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	395	428	-33
Punjab	Fazilika	B.T. Cotton	NA	NA	-

	Muktsar	B.T. Cotton	NA	NA	-
<b>Haryana</b>	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	-
<b>Rajasthan</b>	Hanumangarh	B.T. Cotton	NA	NA	-
	Rawatsar	B.T. Cotton	NA	NA	-
<b>Madhya Pradesh</b>	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	5400	-
<b>Maharashtra</b>	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	486	967	-481
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
<b>Telangana</b>	Adilabad	Un-Ginned	NA	231	-
<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	7484	5835	1649
	Hubli	D.C.H.	262	174	88
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	1012	982	30
<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>27th May to 02nd June 2017</b>	<b>20th to 26th May 2017</b>	
<b>Punjab</b>	Bhatinda	J-34	629	1020	-391
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
<b>Haryana</b>	Sirsa	J-34	1190	1020	170
<b>Rajasthan</b>	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				26th May to 01st June 2017	19th to 25th May 2017	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	35200	35550	-350
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36100	36500	-400



J-34(202)	26mm	3.5 - 4.9	23	43900	43400	<b>500</b>
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	41150	40733	<b>417</b>
Shankar-6(105)	29mm	3.5 – 4.9	28	42967	42633	<b>333</b>
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44317	44200	<b>117</b>
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	46133	46067	<b>67</b>
DCH-32(107)	34mm	3.0 - 3.8	33	55500	55050	<b>450</b>

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