

## **Current Market Outlook**

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

Average price of Lint at Sirsa during the week was Rs. 4368 per maund (of 37.32 Kg each), compared to the previous week price of Rs 4543. Cotton fiber (Shankar-6) prices noticed pale tone this week. Average price was Rs 41983 per candy (of 355.6 kg each) during the week, which was Rs 42083 per candy previous week. Future price of cotton (at NCDEX, Continuous contract) closed higher this week at Rs. 880 per maund (of 20 kg each) which was Rs 864 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. 5200-5600 per quintal in the bench mark market. Lint price at Sirsa is likely to be in range of Rs 4200-4600 per maund. Kapas prices at NCDEX (Continuous contract), is expected to hover in the range of Rs.800-1000 per maund (of 20 kg each).

**Major Market Highlights:** According to the official figures, cotton has been sown on 104.29 lakh hectares as on July 21, 2017 across the country compared to 86.86 lakh hectares during the same period previous year.

On the back of favorable weather conditions and lucrative expected returns, rating agency, ICRA projected India to produce 36 million bales of cotton in 2018, up by 6 per cent from the previous year.

The Cotton Association of India projected India's cotton export to decline by 17% to 6 million bales in 2016- 17 due to the appreciation of Indian rupee this year, which makes the Indian cotton less lucrative for the foreign importers.

Provided a normal monsoon this year, the Cotton Association of India projected india's cotton production to rise by 11.4% from 34.1 million bales in 2016-17 to 38 million bales in 2017-18.

The Indian govt. had increased cotton MSP (Minimum Support Price) for long staple cotton from Rs 4,160/quintal in 2016-17 to Rs 4,320/quintal in 2017-18.

As per the latest report published by USDA, India is expected to produce 6.09 million Tonnes of cotton in 2017-18 which is 5.7% higher than the cotton produced last year in 2016-17.

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.

## 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.



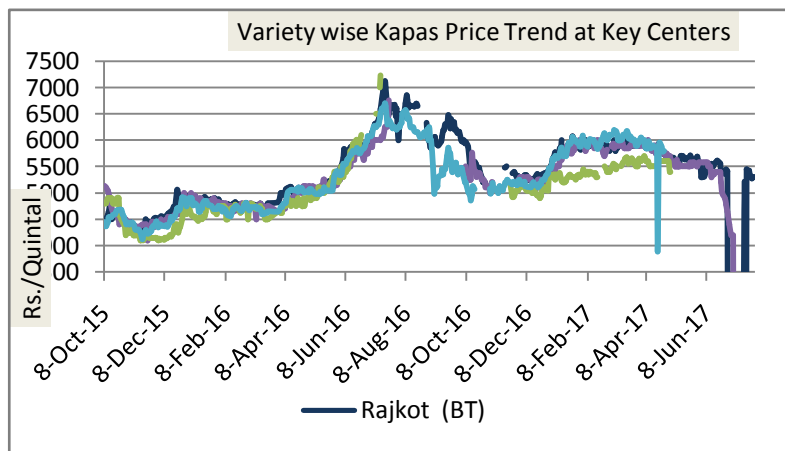
\*Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past 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 5575/quintal to Rs 5402/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

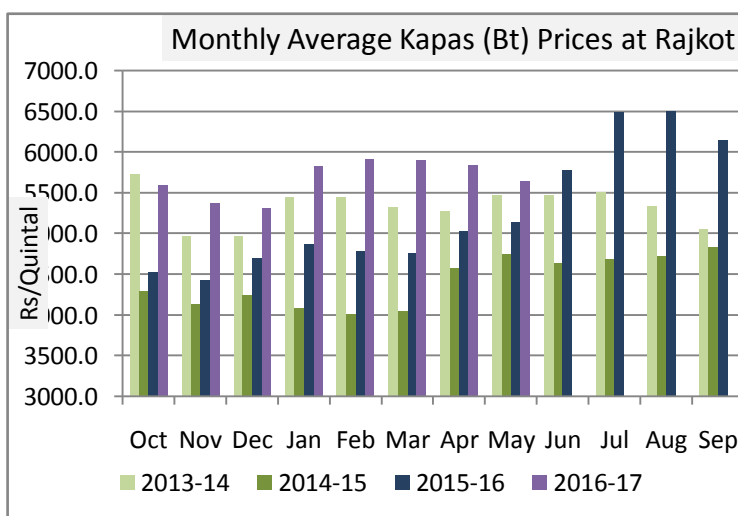


Weekly Price Outlook: Kapas prices are expected to remain range-bound to pale in coming days. The expected range for Kapas at Rajkot is Rs 5200-5600per quintal for the coming week.

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

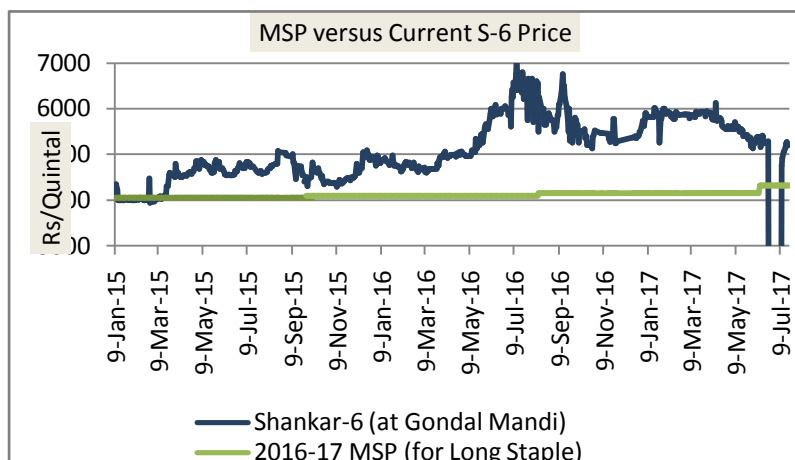
Kapas(seed cotton) prices in country noticed weak tone during the May month when compared to the previous month, and the same is ruling higher compared to the prices during the corresponding month of the previous season.

Monthly average price of Kapas at Rajkot remained Rs.5638 per quintal during May, which was Rs.5845 during previous month and Rs.5134 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 June month is likely to be Rs 5400-5900 per quintal.



## Spot Price versus MSP

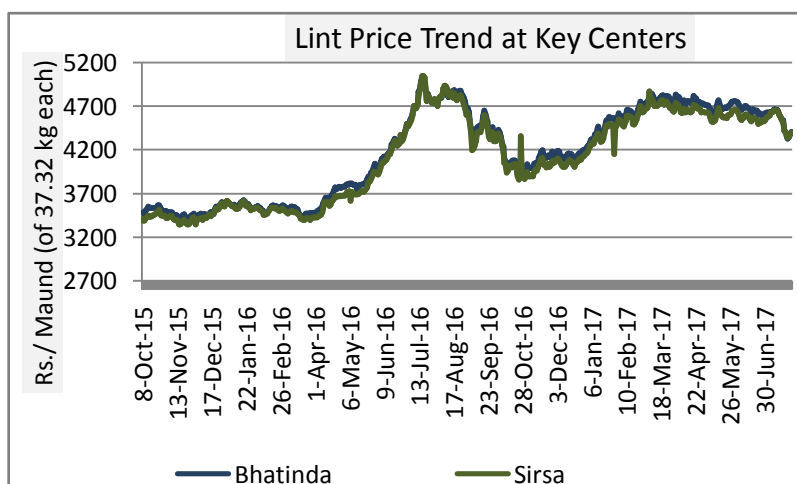
The Kapas prices are ruling above the MSP so far. The gap between the two prices has decreased this week. The average gap between the prices was Rs.933 this week compared to Rs.1021 a week earlier. This indicates prices are increasing



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

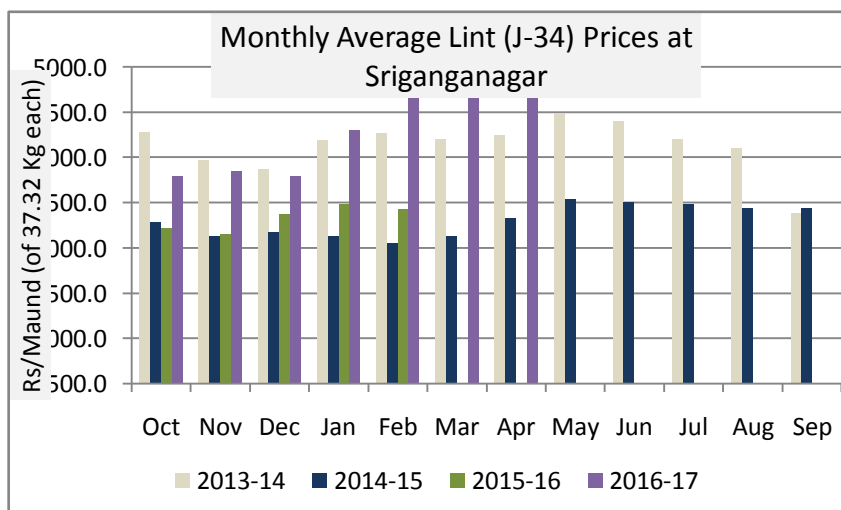
Weekly Price Review: Lint prices remained pale during the week owing to light tone prevailing in market. Weekly average price of Lint at Sirsa remained Rs. 4368 per maund of 37.32 kg each, lower compared to the previous week price of Rs. 4543 per maund.

Weekly Price Outlook: Lint prices are expected to remain range bound to pale during the week. We expect Lint at Sirsa to remain in the range of Rs. 4200-4600per maund.



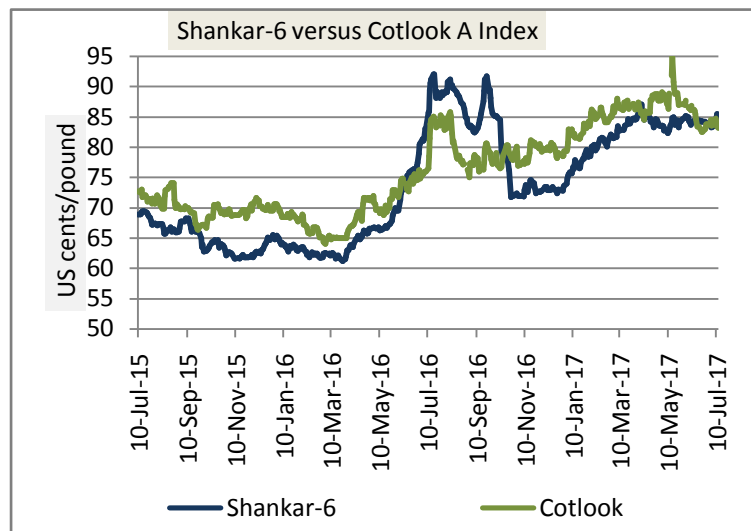
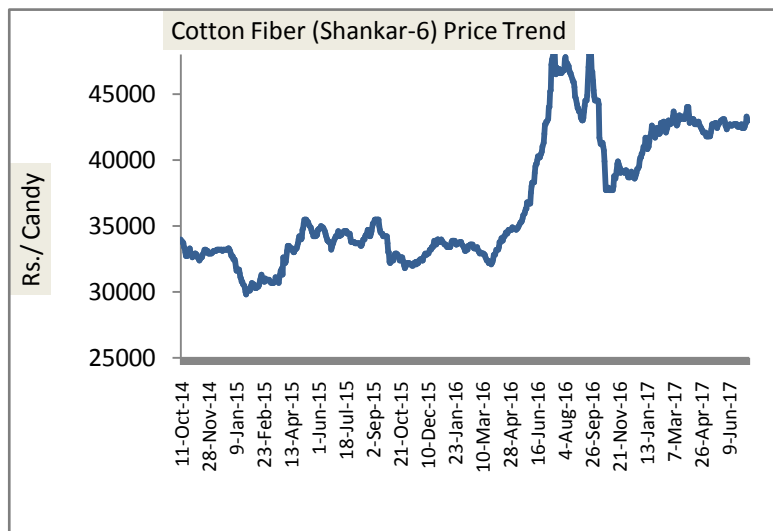
## Lint Monthly Y-o-Y Price Scenario

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 pale tone this week. Weekly average price of cotton (Shankar-6) at Mumbai remained Rs.41983 per candy (of 355.6 kg each) compared to Rs. 42083 per candy in the previous week.

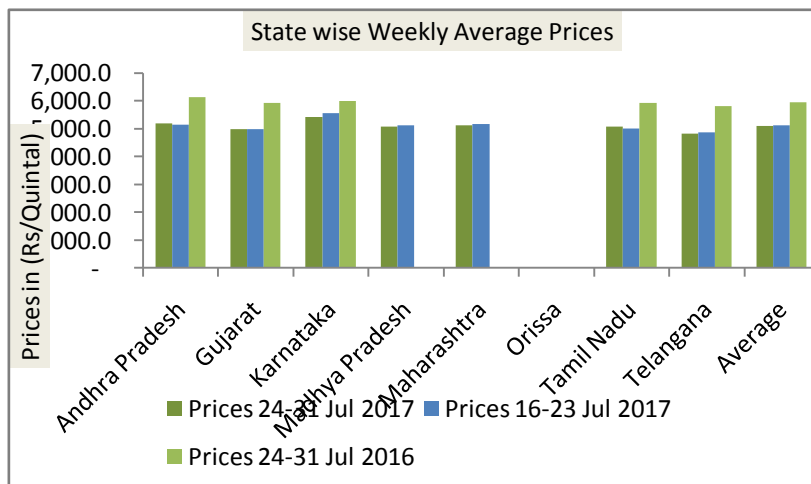


Indian Fiber price versus International Fiber Price: Indian fiber prices are ruling below the international price. Against the weekly average Cotlook A Index of 84.74 cents/pound, Indian weekly average price stood at 83.06 cents/pound, making Indian fiber more competitive in international market.

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 Karnataka followed by Maharashtra this week and lowest was in Telangana followed by Gujarat. On year on year basis, cotton prices are reflecting downtrend in most of the States. Prices have been summarized in the table given in annexure.



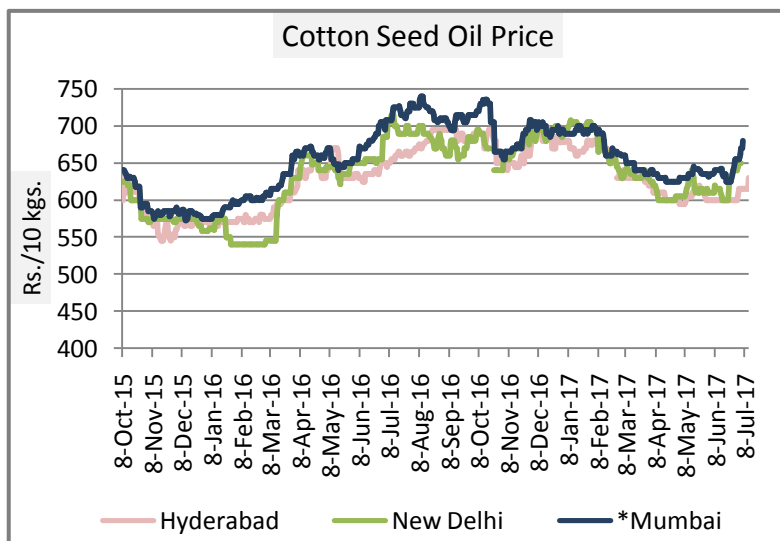
## Cotton Seed Oil and Cotton Seed Oil Cake

### Cotton Seed Oil Weekly Price Scenario

Cotton seed oil price mostly remained firm during the week. Weekly average price in New Delhi remained Rs 657 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
	27-Jul-17	20-Jul-17	
New Delhi	657	652	0.77
Rajkot	667	661	0.83
Hyderabad	631	630	0.13
Mumbai*	682	681	0.22

*\*Vat Included*

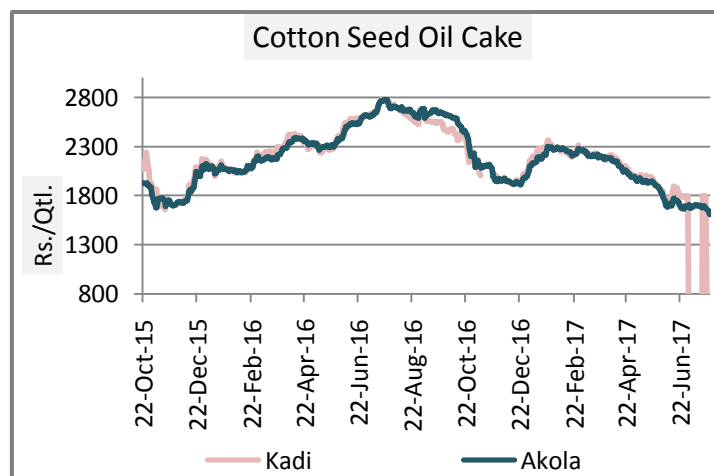


### Cotton Seed Oil Cake Weekly Price Scenario

Cotton seed oil cake price noticed pale tone during this week. Weekly average price in Akola remained Rs 1644 per quintal, lower compared to the weekly average price of Rs 1690 per quintal in the previous week.

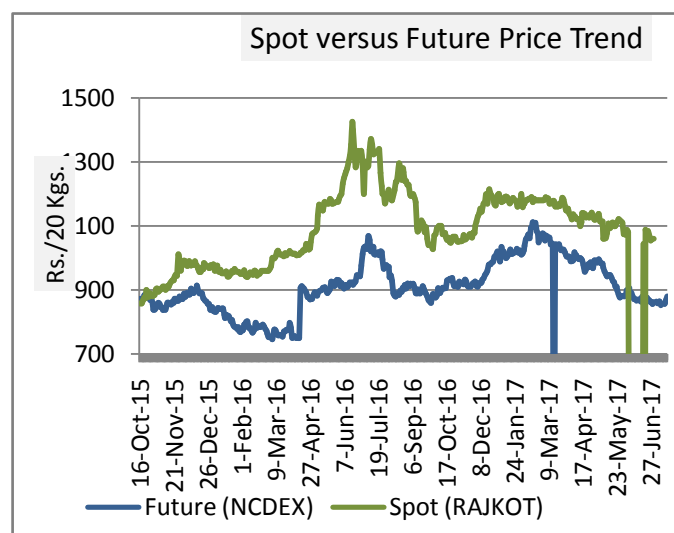
Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	27-Jul-17	20-Jul-17	
Kadi	1793	1794	-0.08
Akola	1644	1690	-2.70

*\*Source: NCDEX*

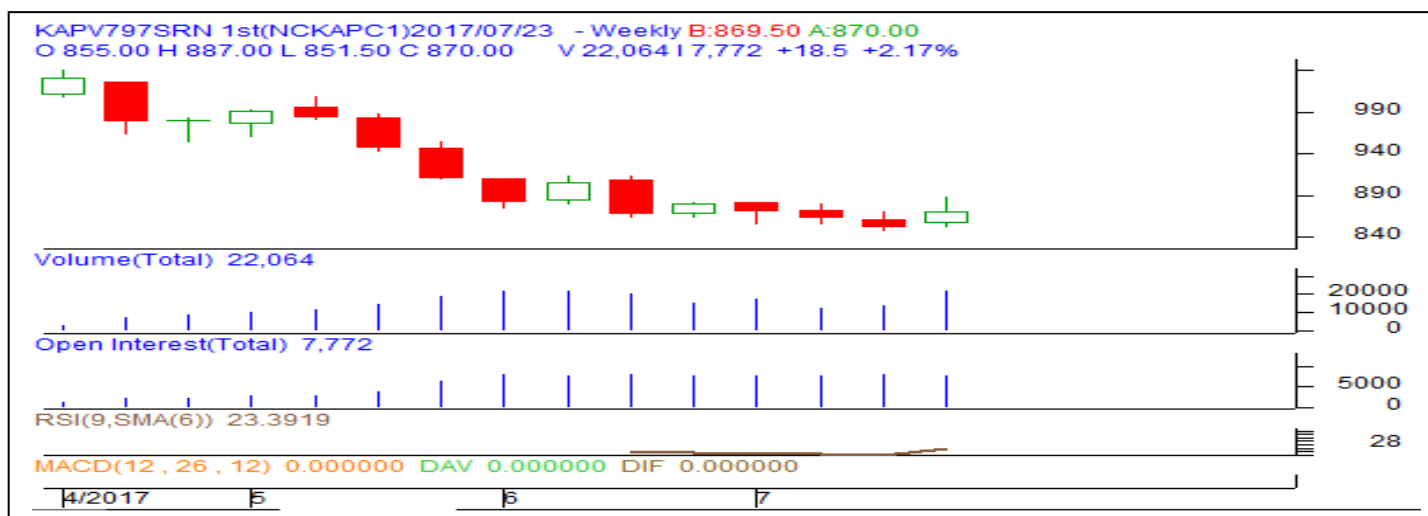


### Cotton Spot and Future Price Trend

Cotton future price closed higher this week. Kapas at NCDEX (Continuous chart) closed at Rs.880 as on 29 July 2017, compared to 864 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.385.9 which was Rs 377.8 a week earlier.



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



### Weekly Technical Outlook:

- Kapas prices and volume increased while O.I decreased for the week.
- RSI is hovering in an overbought 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	800-1000

### Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
750	700	1080	1150

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 84.74 cents/pound this week, which was 83.35 cents/pound during last week.

**Major Market Highlights:** As per the latest USDA report, global cotton production is expected to rise by 8.25% from 23.08 million tonnes in 2016-17 to 24.98 million tonnes in 2017-18; wherein China, U.S , Pakistan and Brazil are expected to produce 5.23 million tonnes, 4.18 million tonnes, 2.03 million tonnes and 1.52 million tonnes of cotton respectively in 2017-18.

According to the Cotton Board of Zambia, it is likely to produce 117,000 tonnes of cotton this year compared to 116,000 tonnes in the previous year. Though the number of farmers cultivating cotton declined by over 20,000 from 277,560, production increased amid favourable weather in the growing regions.

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.

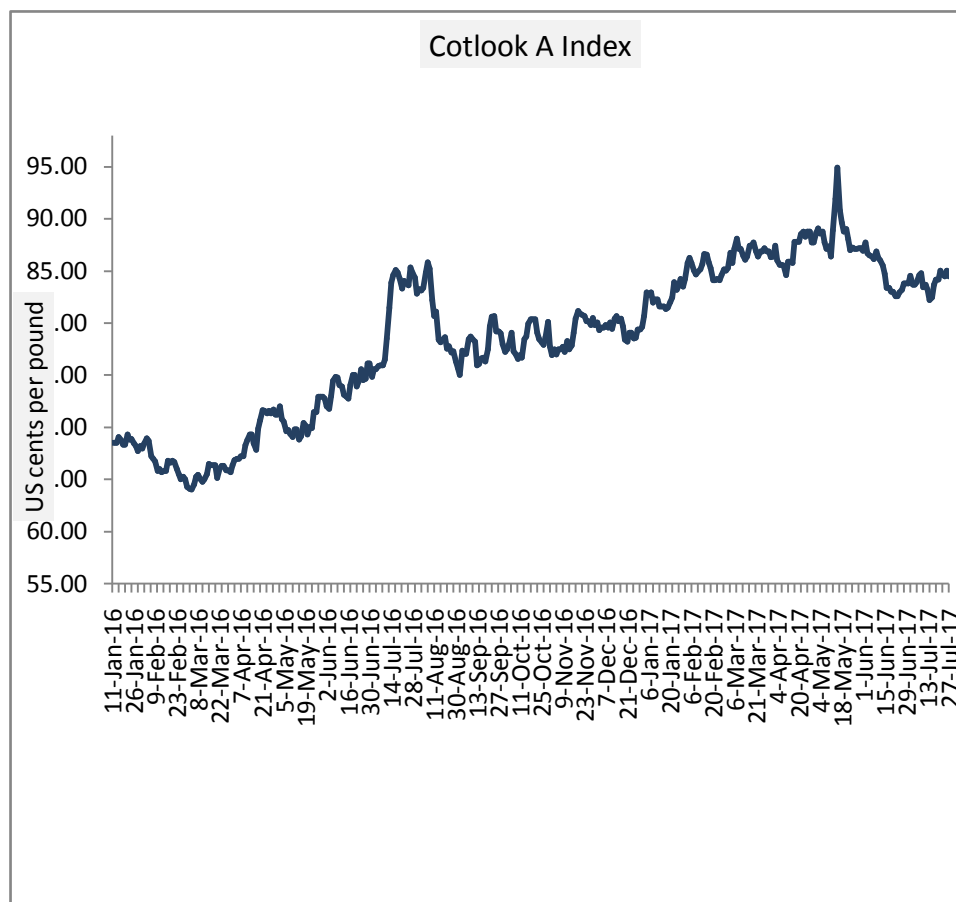
According to agriculture ministry, Mali's cotton production for the upcoming 2017/18 season is estimated at 725,000 tonnes compared to 645,000 tonnes in the current season. Plantation of more land, renewing subsidies and continuing a two-year-old programme that provides tractors at reduced prices will 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
	27-Jul-17	20-Jul-17	
Prices	84.74	83.35	1.7
Prices in US cents per Pound			

## China Cotton Index and Foreign Cotton Index

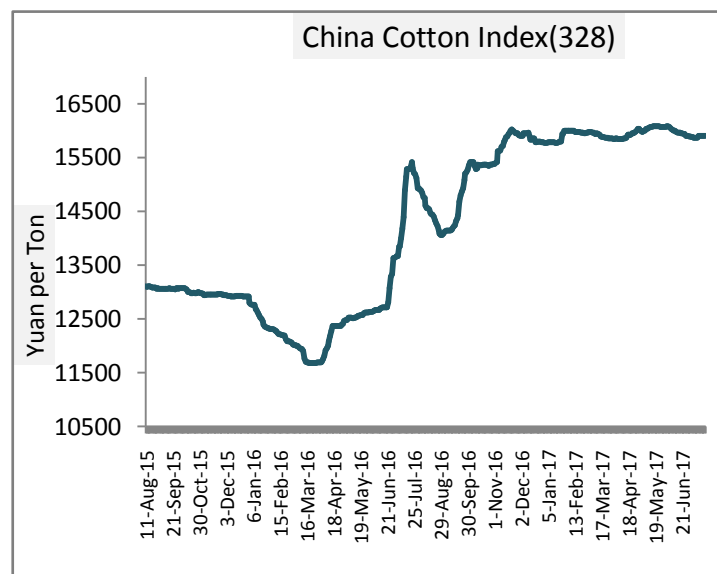
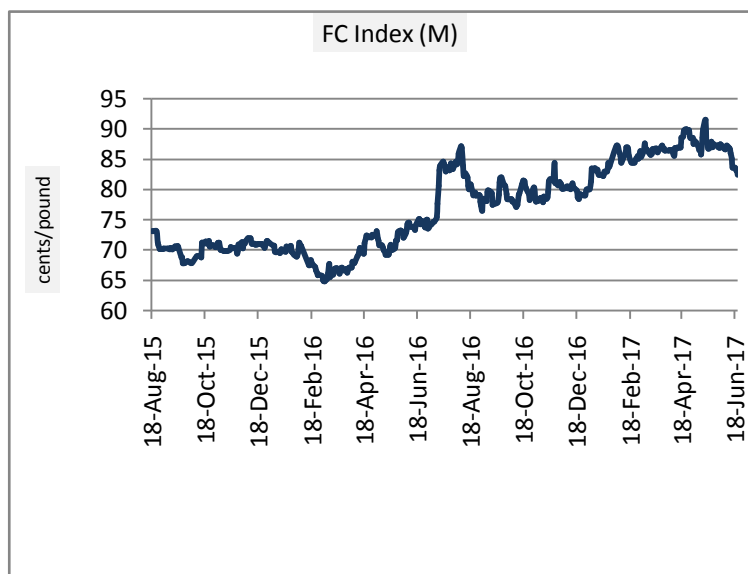
According to the National Bureau of Statistics, cotton production in China declined by 4.6 per cent in 2016 to 5.34 million tons compared to the previous year. Production has declined amid decline in acreage and yields. Acreage has declined by 11.1 per cent to 3.38 million hectares. Yields of cotton 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
	27-Jul-17	20-Jul-17	
FC (S)	88.67	87.86	0.92
FC (M)	85.28	84.45	0.98
FC (L)	83.11	82.06	1.28
Prices in US cents per Pound			

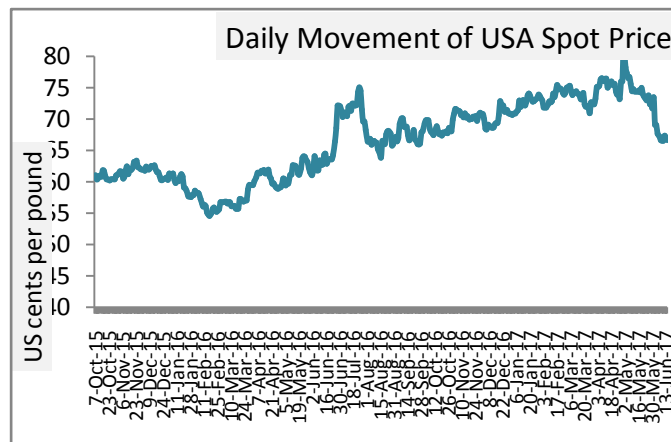
China Index remained firm during the week. CC Index (328) remained 15901 Yuan per ton during the week. Average was 15882 Yuan per ton during previous week.

Cotton Index	Weekly Average Price as on		% Change
	27-Jul-17	20-Jul-17	
CCIndex(328)	15901	15882	0.12
CCIndex(527)	14858	14844	0.10
CCIndex(229)	16322	16291	0.19
Prices in Yuan per ton			



## USA Spot Prices

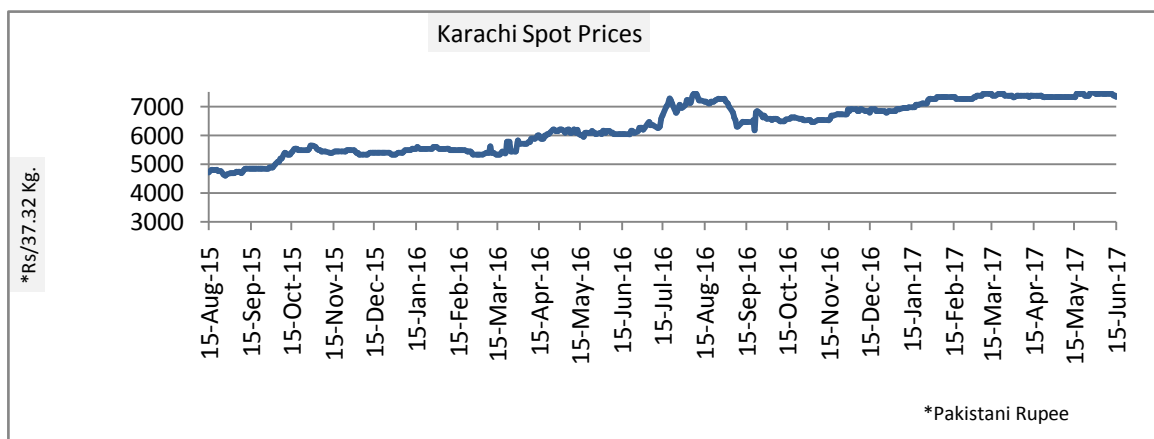
According to latest report of USDA, global 2016/17 cotton ending stocks are revised down this month. Production in Pakistan is estimated to be lower, based on arrivals at gins, but higher in China. World ending stocks are now projected at 90.48 million bales.



USA Spot Prices	Weekly Average Price as on		% Change
	13-Jul-17	06-Jul-17	
Prices	66.65	65.94	1.08
Prices in US cents per Pound			

## Pakistan Spot Prices

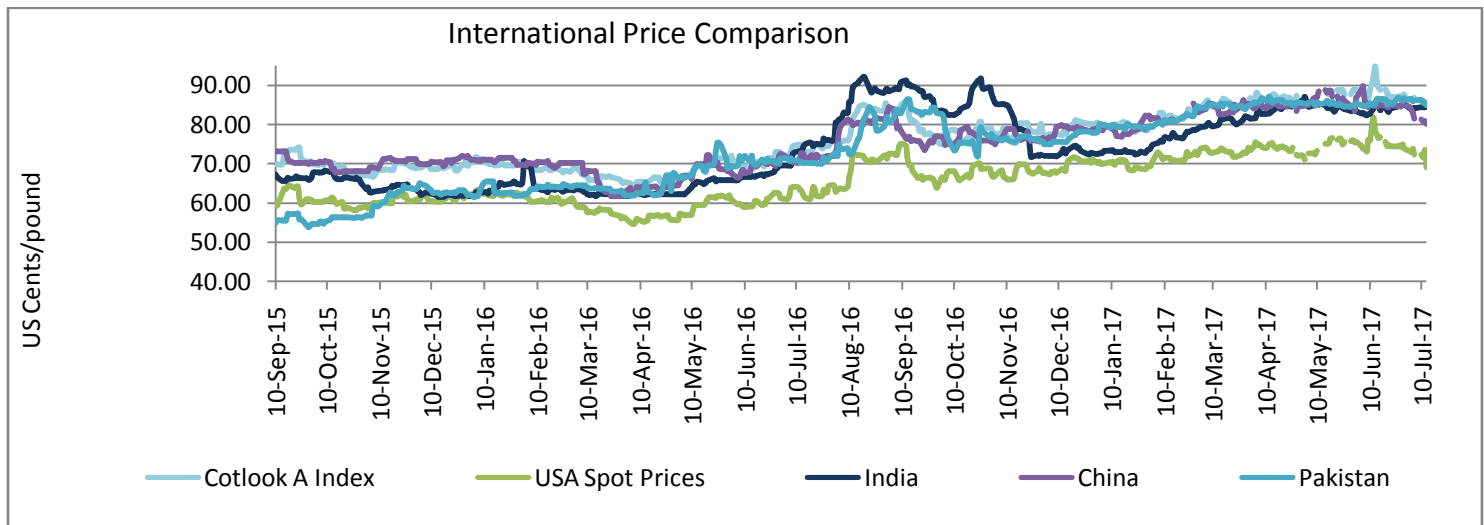
Annual growth output of Cotton in Pakistan has slowed to 12.3 per cent amid lower arrivals of seed cotton during the period December 01-15, 2016. Pakistan has harvested 10.147 million bales of cotton up to December 15, 2016



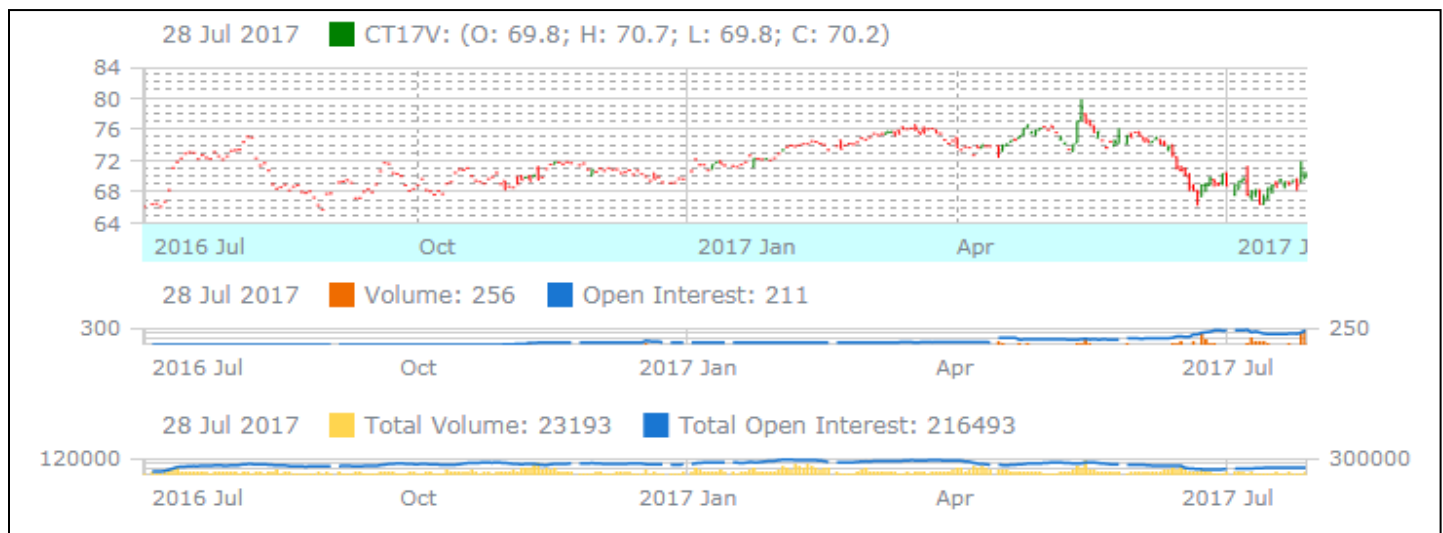
according to data released by the Pakistan Cotton Ginners Association. Seed cotton arrivals during the same period declined by 3 per cent to 389,490 bales. According to the latest estimates, Pakistan is expected to produce 10.542 million bales during the current season.

Karachi Spot Prices	Weekly Average Price as on		% Change
	20-Jul-17	13-Jul-17	
Prices	6924	6826	1.44
Prices in Rs per 37.32 Kg			

## International Price Comparison



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



### Weekly Technical Outlook:

- Candlesticks denote bearish 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 BearishMomentum	65.00-75.00

### Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
60.23	57.84	82.30	85.26

Figures in US cents/pound

### Cotton Future Prices at ICE

Contracts	26-Jul	Week Ago	Month ago	Year Ago	%W-o-W change	%M-o-M change	%Y-o-Y change
Oct-17	69.02	68.76	68.98	73.63	0.38	0.06	-6.26
Dec-17	68.40	68.11	67.23	73.95	0.42	1.74	-7.51
Mar-18	68.12	67.80	67.18		0.47	1.40	#DIV/0!
May-18	68.60	68.36	67.62		0.35	1.45	#DIV/0!
Jul-18	69.10	68.87	68.02		0.34	1.59	
Oct-18	67.82	67.51			0.45		

### 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	22nd to 28th July 2017	15th to 21th July 2017	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	5199	4955	244
	Rajkot	B.T. Cotton	5304	5369	-65
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4763	NA	-
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5225	5425	-200
	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	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	4100	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4800	4825	-25
Andhra Pradesh	Guntur	Un-Ginned	4725	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	5750	NA	-
	East Godavari	Un-Ginned	4320	4256	64
Karnataka	Bijapur	Bunny	5696	5687	9
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5462	5554	-92
<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>22nd to 28th July 2017</b>	<b>15th to 21th July 2017</b>	
Punjab	Bhatinda	J-34	4385	4513	-128
	Abohar	J-34	4391	4503	-113
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4382	4507	-125
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

<b>Commodity</b>	<b>Kapas</b>		<b>Weekly Sum Arrivals (Quintal)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>22nd to 28th July 2017</b>	<b>15th to 21th July 2017</b>	
Gujarat	Ahmedabad	Shankar-6	NA	NA	-
	Gondal	Shankar-6	981	142	839
	Rajkot	B.T. Cotton	6450	4400	2050
	Patan	B.T. Cotton	NA	NA	-
	Kadi	B.T. Cotton	NA	NA	-
	Deesa	B.T. Cotton	NA	NA	-

	Dhrol	B.T. Cotton	11	NA	-
<b>Punjab</b>	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	NA	-
<b>Maharashtra</b>	Amravati	Mech-1	NA	NA	-
	Jamner	Medium Staple	NA	NA	-
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	36	NA	-
	Hathras	Desi	NA	NA	-
<b>Telangana</b>	Adilabad	Un-Ginned	NA	NA	-
<b>Andhra Pradesh</b>	Guntur	Un-Ginned	130	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
<b>Karnataka</b>	Bijapur	Bunny	3608	4933	-1325
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	201	253	-52
<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>22nd to 28th July 2017</b>	<b>15th to 21th July 2017</b>	
<b>Punjab</b>	Bhatinda	J-34	NA	NA	-
	Abohar	J-34	NA	NA	-
	Mansa	J-34	NA	NA	-
<b>Haryana</b>	Sirsa	J-34	17	128	-111
<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
				21th to 27th July 2017	15th to 20th July 2017	



Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	35867	36217	<b>-350</b>
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	36767	37117	<b>-350</b>
J-34(202)	26mm	3.5 - 4.9	23	41050	42800	<b>-1750</b>
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	41017	40967	<b>50</b>
Shankar-6(105)	29mm	3.5 – 4.9	28	41983	42083	<b>-100</b>
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44033	44233	<b>-200</b>
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45700	45833	<b>-133</b>
DCH-32(107)	34mm	3.0 - 3.8	33	54500	55533	<b>-1033</b>

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