

Weekly Publication of



**Cotton
Association
of India**

COTTON STATISTICS & NEWS

Edited & Published by Amar Singh

2017-18 • No. 9 • 30th May, 2017 Published every Tuesday

Cotton Exchange Building, 2nd Floor, Cotton Green, Mumbai - 400 033
Phone: 3006 3400 Fax: 2370 0337 Email: cai@caionline.in
www.caionline.in

Technical Analysis

Price outlook for Gujarat-ICS-105, 29mm and ICE cotton futures for June 2017

(The author is Director of Commtrendz Research and the views expressed in this column are his own and the author is not liable for any loss or damage, including without limitations, any profit or loss which may arise directly or indirectly from the use of following information.)

We will look into the Gujarat-ICS-105, 29mm prices along with other benchmarks and try to forecast price moves going forward.

As mentioned in the previous update, fundamental analysis involves studying and analysing various reports, data and based on that arriving at some possible direction for prices in the coming months or quarters.

Some of the recent fundamental drivers for the domestic cotton prices are:

- Cotton futures are lower due to reports of good sowing progress, benign physical demand, reports of higher stock levels and normal monsoon forecast.
- Coming to the domestic market, S-6 variety remained mostly steady. Nationwide, the arrivals are picking up.
- June cotton future contract at MCX are lower and continue to drift lower in line with the

rising supplies globally. Global output will climb 6.9% in the season starting 1st August, helping push stockpiles outside China to a record, the USDA estimates.

- Cotton planting in India, the world's biggest producer of the fibre, is likely to rise by 15% in the 2017-18 marketing season to a three-year high, as farmers switch away from other crops, thus boosting cotton production and exports.

• Most Indian farmers start planting cotton - a crop that requires lots of moisture - with the onset of monsoon rains in June, although some with irrigated fields start as early as May.

• India looks likely to receive an above average monsoon rainfall as concern over the El Nino weather condition has eased, the chief of India's weather office said.

Some of the fundamental drivers for International cotton prices are:

- ICE cotton futures settled marginally lower on Tuesday, May 30, on increased production of natural fibre with federal data showing strong progress in the U.S. cotton harvest.
- The U.S. Department of Agriculture's weekly crop progress report released earlier in

EXPERT'S Column



Shri Gnanasekar Thiagarajan

the day showed that 63 percent of cotton crops were harvested in the United States by the week ended May 28, up from 52 percent in the previous week.

- American farmers, the biggest exporters, are forecast to have their biggest harvest in a decade, and crop increases are expected in Australia and top grower India.
- Growers planted more acres after cotton futures jumped 12% last year, when most other crops were mired in slumps. At the same, there are no signs that China’s sales of its state inventories are slowing down.
- Elsewhere, speculators cut their bullish bet in cotton by 8,532 contracts to 97,141 contracts in the week ending May 23, as the U.S. Commodity Futures Trading Commission data showed on Friday.

Let us now dwell on some technical factors that influence price movements.

finding it difficult to sustain and push higher. It could be vulnerable for a drop in the coming month. While 12,300 is the cap, we can expect prices to edge lower towards 11,220/ qtl. Failure to hold support here could further weaken the technical picture pushing it further lower.

As mentioned previously, indicators are in a neutral state and prices could remain range bound for a while till some clear directional clues are obtained. We see support now in the 11,300-400/ qtl range followed by more important support at 10,800/qtl zone now. It looks like the upward trend is unlikely to materialise and more pressure on the downside is likely in the coming weeks. The indicators display mild bullish tendencies and corrective upticks can be strongly capped in the coming month.

MCX June contract continuation chart



Technical indications are weak now. Prices recovered from a low of 10,600/qtl and rallied up to 12,300/qtl and from there prices have been



The MCX benchmark cotton continuation chart hints at further upside while the fundamentals do not support it. Purely, on a technical basis, prices are headed higher to 22,000 levels or even higher in the near-term, but doubts persist if they



could sustain such a rise. Strong support is seen at 20,600-700 levels in the coming sessions.

We will also look at the ICE Cotton futures charts for a possible direction in international prices.

Prevailing negative momentum in the weekly/daily charts could drive the price down a little more towards the 76.30/76.10 level, where certain strong support lines are located. It might most probably get cushioned in that area for a recovery back towards 78.50/79.00 region. This is the favoured expectation. Any unexpected direct rise past 78.25 could lessen the chances for the expected initial dip. An unexpected fall below 76.00 could caution about the possibility of falling further towards 75.35 or even 74.10.

The favoured view is mildly bullish initially for 79-80c levels again. We now expect prices to consolidate in the 75-78c zone before heading lower to 73c again.

CONCLUSION:

Both the domestic and international prices are gradually moving in a range. The technical picture presently is neutral with some mild indications of bullishness. Only a rise above 79c could revive bullish hopes again. The international prices indicate firmness and strength while the domestic prices are not looking good.

For Guj ICS supports are seen at 11,300-400 /Qtl followed by 10,800-900 /Qtl, and for ICE December cotton futures at 76c followed by 73c. Failure to follow-through higher above 12,000 /qtl has weakened the bullish picture in the domestic markets and in the international markets prices are indicating a possible bullish turnaround, and the indicators have turned neutral. The international markets are now expected to edge lower to 73c on the downside and the domestic prices to edge lower around 10,800 /Qtl levels.

Excerpts from India Meteorological Department's Weather Report of May 25, 2017

Southwest Monsoon

On account of the formation of a low pressure area over southeast & adjoining central parts of Bay of Bengal, south westerlies are strengthening over the region. Hence, conditions are favourable for further advance of southwest monsoon over southern parts of Comorin area, some more parts of southwest, southeast & east central Bay of Bengal during next 24 hours.

Forecast for the 2017 Monsoon Onset over Kerala: The monsoon onset over Kerala in this year is likely to be close to the normal date. The southwest monsoon is likely to set over Kerala on 30th May with a model error of ± 4 days.

Heat Wave and Maximum Temperatures:

During 1st week (25 to 31 May), the average maximum temperatures for week as a whole are very likely to be more than 42°C over most parts of Rajasthan, north Madhya Pradesh, Chhattisgarh, Interior Odisha, Vidarbha and Telangana. These are likely to be between 40 to 42°C over many parts of rest plains of northwest India, Central and

adjoining east & south Peninsular India. These are very likely to be above normal by 2-4°C over parts of Maharashtra, Interior Odisha, Chhattisgarh, Telangana, Coastal Andhra Pradesh and Rayalaseema. These are likely to be near normal or slightly below normal over remaining parts of the country.

Heat Wave conditions very likely to occur at isolated places over West Madhya Pradesh, Vidarbha and Telangana during first half of the 1st week and abate thereafter. Due to likely southwesterly winds from Arabian Sea over northwest & central India, heat wave over these regions is less likely during 1st week.

During 2nd week, there would be fall in average maximum temperatures over most parts of the country. These are very likely to be between 40 to 42°C over most parts of plains of northwest, central parts & adjoining Peninsular India.

These are likely to be near normal over most parts of the country outside parts of Interior Odisha,

south Chhattisgarh & adjoining Jharkhand. Thus, there is a probability of isolated heat wave conditions over above mention areas on some days of 2nd week.

Rainfall/snowfall:

During 1st week, light to moderate fairly widespread to widespread rainfall is very likely to occur over Kerala, Lakshadweep, Coastal & South Interior Karnataka with possibility of heavy rainfall activity over Kerala & Lakshadweep towards end of

the week. Rest region of Peninsular India very likely to receive light isolated to scattered rainfall activity during most days of the 1st week.

Light to moderate fairly widespread to widespread rainfall is also very likely to occur over Andaman & Nicobar Islands, Sub- Himalayan West Bengal & Sikkim and northeastern states during 1st week with possibility of thundersquall/hail and/or heavy rainfall at isolated pockets during first half of the 1st week.

Annexure III

METEOROLOGICAL SUB-DIVISIONWISE WEEKLY RAINFALL FORECAST & Wx. WARNINGS-2017

Sr.No	MET.SUB-DIVISIONS	25 MAY	26 MAY	27 MAY	28 MAY	29 MAY	30 MAY	31 MAY
1	ANDAMAN & NICO.ISLANDS	WS*	WS*	WS*	WS	WS	WS	FWS
2	ARUNACHAL PRADESH	WS*	FWS	WS*	WS	WS	FWS	FWS
3	ASSAM & MEGHALAYA	FWS ^{TS*}	FWS*	WS*	WS	WS	FWS*	FWS*
4	NAGA.MANI.MIZO.& TRIPURA	SCT	FWS	WS	WS	WS	FWS	FWS
5	SUB-HIM.W. BENG. & SIKKIM	FWS*	WS*	WS*	FWS	FWS	SCT	FWS
6	GANGETIC WEST BENGAL	ISOL ^{TS}	ISOL	SCT ^{TS}	SCT	ISOL	ISOL	SCT
7	ODISHA	ISOL ^{TS§} ↓	SCT ^{TS§}	SCT ^{TS§}	SCT	SCT	ISOL	ISOL
8	JHARKHAND	ISOL ^{TS}	ISOL	SCT ^{TS§}	SCT	ISOL	ISOL	ISOL
9	BIHAR	ISOL ^{TS}	ISOL ^{TS}	SCT	SCT	ISOL	ISOL	ISOL
10	EAST UTTAR PRADESH	ISOL	ISOL	ISOL ^{TS§}	ISOL ^{TS§}	SCT ^{TS§}	SCT	ISOL
11	WEST UTTAR PRADESH	ISOL	ISOL ^{TS}	ISOL ^{TS§}	SCT ^{TS§}	SCT ^{TS§}	SCT	ISOL
12	UTTARAKHAND	SCT	SCT ^{TS§}	SCT ^{TS§}	WS ^{TS§#}	WS ^{TS§#}	FWS	SCT
13	HARYANA CHD. & DELHI	DRY	DRY	ISOL	ISOL	SCT ^{TS§}	ISOL	ISOL
14	PUNJAB	DRY	ISOL	ISOL	ISOL	SCT ^{TS§}	ISOL	ISOL
15	HIMACHAL PRADESH	ISOL	ISOL	ISOL	SCT	SCT ^{TS§#}	ISOL	ISOL
16	JAMMU & KASHMIR	ISOL	ISOL	ISOL	ISOL	ISOL ^{TS§}	ISOL	ISOL
17	WEST RAJASTHAN	DRY	DRY	DRY	DRY	ISOL	DRY	DRY
18	EAST RAJASTHAN	DRY	DRY	DRY	DRY	ISOL	DRY	DRY
19	WEST MADHYA PRADESH	DRY ↓	ISOL ↓	ISOL	ISOL	ISOL	DRY	ISOL
20	EAST MADHYA PRADESH	ISOL	ISOL	ISOL	ISOL	SCT	ISOL	ISOL
21	GUJARAT REGION D.D. & N.H.	DRY	DRY	DRY	DRY	DRY	DRY	DRY
22	SAURASTRA KUTCH & DIU	DRY	DRY	DRY	DRY	DRY	DRY	DRY
23	KONKAN & GOA	ISOL	ISOL	ISOL	ISOL	ISOL	ISOL	ISOL
24	MADHYA MAHARASHTRA	ISOL	ISOL	ISOL	ISOL	ISOL	ISOL	ISOL
25	MARATHAWADA	ISOL	ISOL	ISOL	ISOL	ISOL	ISOL	ISOL
26	VIDARBHA	DRY ↓	ISOL ↓	ISOL	ISOL	ISOL	DRY	ISOL
27	CHHATTISGARH	ISOL	ISOL	ISOL	ISOL	SCT	SCT	ISOL
28	COASTAL ANDHRA PRADESH	ISOL ^{TS}	ISOL ^{TS§}	ISOL ^{TS}	ISOL	SCT	ISOL	ISOL
29	TELANGANA	ISOL ^{TS} ↓	ISOL ↓	ISOL	SCT	SCT	ISOL	ISOL
30	RAYALASEEMA	ISOL	SCT	SCT	SCT	SCT	ISOL	ISOL
31	TAMILNADU & PUDUCHERRY	ISOL ^{TS}	SCT	SCT ^{TS§*}	SCT*	SCT	SCT	ISOL
32	COASTAL KARNATAKA	FWS	FWS ^{TS}	FWS ^{TS*}	FWS*	FWS	FWS	FWS
DRY	NORTH INT.KARNATAKA	ISOL	ISOL	SCT	SCT	SCT	ISOL	ISOL
34	SOUTH INT.KARNATAKA	FWS ^{TS}	FWS ^{TS*}	WS ^{TS*}	WS	WS	FWS	FWS
35	KERALA	FWS ^{TS}	WS	WS ^{TS*}	FWS ^{TS*}	FWS	WS*	WS*
36	LAKSHADWEEP	SCT	FWS	FWS	FWS	WS	WS*	WS*

LEGENDS:

WS	WIDE SPREAD / MOST PLACES (76-100%)	FWS	FAIRLY WIDE SPREAD / MANY PLACES (51% to 75%)
SCT	SCATTERED / FEW PLACES (26% to 50%)	ISOL	ISOLATED (up to 25%)
		DRY	NO STATION REPORTED RAINFALL
	* Heavy Rainfall (64.5-115.5 mm)		** Heavy to Very Heavy Rainfall (115.6-204.4 mm)
			** Extremely Heavy Rainfall (204.5 mm or more)
• FOG	* SNOWFALL	# HAILSTORM	↓ HEAT WAVE
§ THUNDER SQUALL	DS/TS DUST/THUNDERSTORM	↓ COLD WAVE	↓ SEVERE HEAT WAVE
			↓ SEVERE COLD WAVE

Isolated to scattered rainfall activity very likely over most parts of northwest & east India with possibility of thundersquall at isolated pockets on some days during 1st week. Detail is given in Annexure III.

Overall rainfall activity is very likely to be above normal east & adjoining northwest India and parts of extreme south Peninsular India during the 1st week (Annexure IV).

During 2nd week, fairly widespread to widespread rainfall activity is likely to occur over Kerala, Karnataka, northeastern states and Andaman & Nicobar Islands. Light scattered precipitation activity is also likely to occur over many parts of rest Peninsular India, Western Himalayan region and East India.

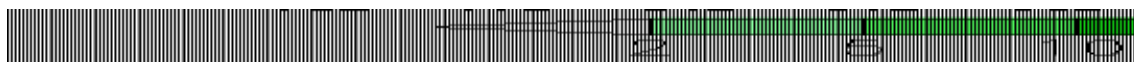
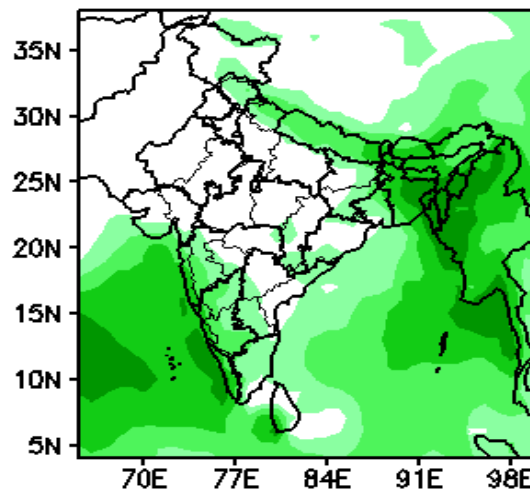
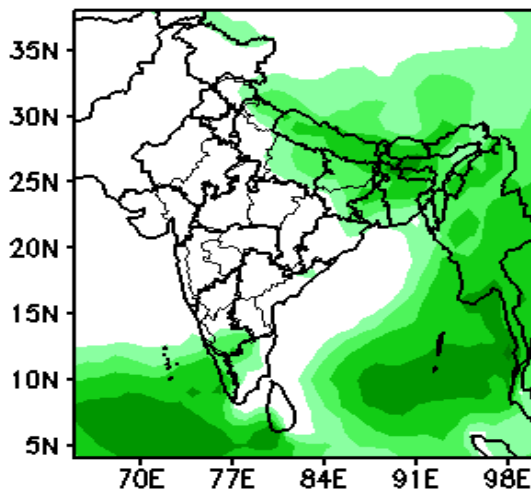
Overall precipitation activity is likely to be above normal over parts of south Peninsular India, Andaman & Nicobar Islands and northeastern states during 2nd week (Annexure IV).

Annexure IV

Actual Rainfall (mm/day)

(Week1: 26May-01Jun)

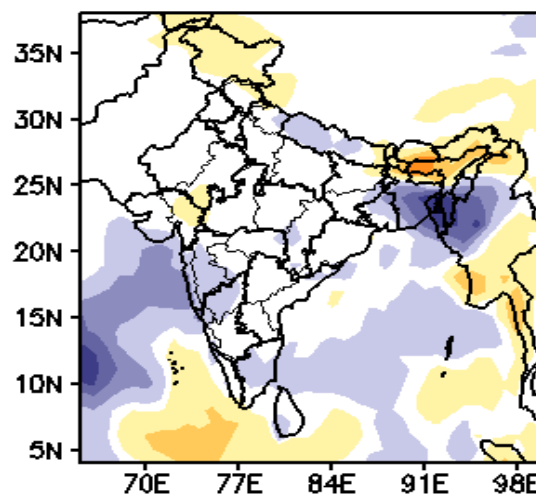
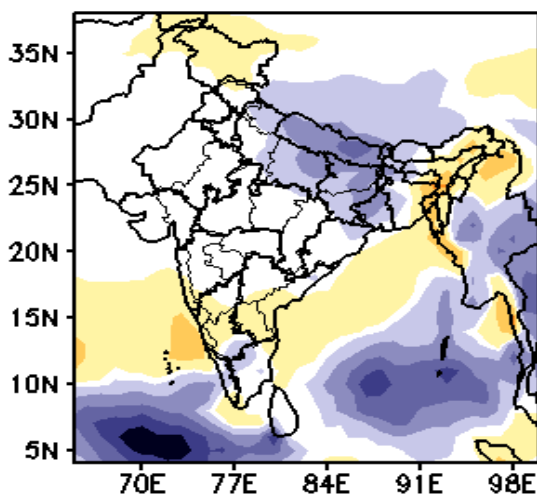
(Week2: 02Jun-08Jun)



Rainfall Anomaly (mm/day)

(Week1: 26May-01Jun)

(Week2: 02Jun-08Jun)



CAI Maintains Cotton Crop For 2016-17 Crop Year At 340.50 Lakh Bales

Cotton Association of India has released its April estimate of the cotton crop for the 2016-17 crop year beginning from 1st October 2016. The CAI has retained its April estimate of the cotton crop for the 2016-17 crop year at 340.50 lakh bales of 170 kgs. each i.e. at the same level as in the last month. 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 300.00 lakh bales thus leaving an available surplus of 110.50 lakh bales. A statement containing the State-wise estimate of the cotton crop and the Balance Sheet for the season 2016-17 with the corresponding data for the previous crop year is given below.

The arrival of cotton during the month of April 2017 is estimated at 30.75 lakh bales as compared to 22.25 lakh bales arrived during the same month last year. The total arrival this season up to the month of April are estimated at 306.25 lakh bales, which constitute around 90% of the total estimated crop.

CAI's Estimates of Cotton Crop as on 30th April 2017 for the Seasons 2016-17 and 2015-16

(in lakh bales)

State	Production *		Arrivals As on 30th April 2017 (2016-17)
	2016-17	2015-16	
Punjab	9.25	7.50	8.75
Haryana	20.50	17.00	19.50
Upper Rajasthan	7.25	5.50	7.00
Lower Rajasthan	10.00	10.50	9.75
Total North Zone	47.00	40.50	45.00
Gujarat	89.00	88.00	71.75
Maharashtra	89.00	78.00	83.00
Madhya Pradesh	21.00	18.75	19.75
Total Central Zone	199.00	184.75	174.50

Telangana	48.00	58.00	45.00
Andhra Pradesh	18.00	24.00	16.50
Karnataka	17.00	18.50	15.50
Tamil Nadu	5.50	7.00	4.00
Total South Zone	88.50	107.50	81.00
Orissa	4.00	3.00	3.75
Others	2.00	2.00	2.00
Total	340.50	337.75	306.25

Note: (1) * Including loose
(2) Loose figures are taken for Telangana and Andhra Pradesh separately as proportionate to the crop for the purpose of accuracy

The Balance Sheet drawn by the Association for 2016-17 and 2015-16 is reproduced below:-

(in lakh bales)

Details	2016-17	2015-16
Opening Stock	45.00	67.25
Production	340.50	337.75
Imports	25.00	22.00
Total Supply	410.50	427.00
Mill Consumption	265.00	275.00
Consumption by SSI Units	25.00	25.00
Non-Mill Use	10.00	10.00
Exports		72.00
Total Demand	300.00	382.00
Available Surplus	110.50	
Closing Stock		45.00

Cotton Yarn Production

(In Mn. kg)

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17 (P)
April	242.26	244.50	273.77	268.06	268.2	316.61	328.68	349.38	334.30
May	257.51	247.76	283.69	255.56	286.19	314.97	332.92	348.14	360.75
June	253.65	248.76	284.79	248.29	288.40	317.69	330.69	346.72	352.00
July	250.28	257.65	302.16	256.73	301.34	332.12	340.00	356.36	343.34
August	242.32	256.19	300.34	262.74	302.85	336.30	338.09	354.67	334.43
September	233.56	252.78	297.68	258.97	296.74	326.09	334.03	338.53	326.58
October	225.51	250.82	301.55	241.83	302.65	328.79	323.53	342.12	311.14
November	235.07	257.44	283.52	243.85	282.88	312.13	335.66	320.06	326.91
December	251.88	267.44	308.78	269.82	314.21	341.67	353.96	353.31	342.52
January	236.70	266.69	296.87	279.19	315.07	340.38	349.82	343.98	345.72
February	224.98	256.58	272.99	269.01	302.59	321.31	330.35	336.55	332.64
March	242.44	272.37	283.63	272.29	321.57	340.20	356.78	347.84	348.60
TOTAL	2896.16	3078.98	3489.78	3126.34	3582.68	3928.27	4054.51	4137.64	4058.95

(P) = Provisional

(Source: Office of the Textile Commissioner)



PISCES CONTAINER LINES (INDIA) PVT. LTD.

CORPORATE OFFICE:

604 / 606, A-Wing, The Great Eastern Summit, Plot No. 56, Sector No. 15, C.B.D. Belapur, Navi Mumbai - 400 614.

Tel.: 022- 4085 0600 (Hunting), Fax: 022- 2756 4936 / 5433. E-mail: admin@piscesshipping.com

BRANCHES: New Delhi / Gandhidham / Ahmedabad / Jaipur / Indore / Nagpur / Chennai / Hyderabad





MEHTA BROTHERS FREIGHT FORWARDERS PVT. LTD.

An ISO 9001:2008 Certified Company • C.H.A. LIC. NO. 11/132

HEAD OFF.:A-605, The Great Eastern Summit, Plot No. 56, Sector-15, CBD Belapur, Navi Mumbai-400 614.

Tel: 40850600 (Hunting), Fax: 27566257/59, E-mail : import@mbff.co.in, export@mbff.co.in

BRANCHES: Kandla, Mundra, Pipavav, Hazira

UPCOUNTRY SPOT RATES							(Rs./Qtl)					
Standard Descriptions with Basic Grade & Staple in Millimetres based on Upper Half Mean Length [By law 66 (A) (a) (4)]							Spot Rate (Upcountry) 2016-17 Crop MAY 2017					
Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Strength /GPT	22nd	23rd	24th	25th	26th	27th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0-7.0	15	10067 (35800)	10011 (35600)	9954 (35400)	9954 (35400)	9898 (35200)	9898 (35200)
2	P/H/R	ICS-201	Fine	Below 22mm	5.0-7.0	15	10348 (36800)	10264 (36500)	10208 (36300)	10208 (36300)	10151 (36100)	10151 (36100)
3	GUJ	ICS-102	Fine	22mm	4.0-6.0	20	8014 (28500)	8014 (28500)	8070 (28700)	8070 (28700)	8127 (28900)	8183 (29100)
4	KAR	ICS-103	Fine	23mm	4.0-5.5	21	9280 (33000)	9280 (33000)	9336 (33200)	9336 (33200)	9392 (33400)	9448 (33600)
5	M/M	ICS-104	Fine	24mm	4.0-5.0	23	10432 (37100)	10432 (37100)	10489 (37300)	10489 (37300)	10545 (37500)	10573 (37600)
6	P/H/R	ICS-202	Fine	26mm	3.5-4.9	26	12232 (43500)	12176 (43300)	12176 (43300)	12204 (43400)	12232 (43500)	12288 (43700)
7	M/M/A	ICS-105	Fine	26mm	3.0-3.4	25	9336 (33200)	9336 (33200)	9308 (33100)	9308 (33100)	9308 (33100)	9336 (33200)
8	M/M/A	ICS-105	Fine	26mm	3.5-4.9	25	9842 (35000)	9926 (35300)	10067 (35800)	10095 (35900)	10123 (36000)	10151 (36100)
9	P/H/R	ICS-105	Fine	27mm	3.5-4.9	26	12401 (44100)	12345 (43900)	12345 (43900)	12373 (44000)	12401 (44100)	12457 (44300)
10	M/M/A	ICS-105	Fine	27mm	3.0-3.4	26	9758 (34700)	9814 (34900)	9898 (35200)	9926 (35300)	9954 (35400)	10011 (35600)
11	M/M/A	ICS-105	Fine	27mm	3.5-4.9	26	10686 (38000)	10770 (38300)	10770 (38300)	10798 (38400)	10826 (38500)	10854 (38600)
12	P/H/R	ICS-105	Fine	28mm	3.5-4.9	27	12457 (44300)	12401 (44100)	12401 (44100)	12429 (44200)	12457 (44300)	12513 (44500)
13	M/M/A	ICS-105	Fine	28mm	3.5-4.9	27	11445 (40700)	11445 (40700)	11473 (40800)	11501 (40900)	11529 (41000)	11557 (41100)
14	GUJ	ICS-105	Fine	28mm	3.5-4.9	27	11585 (41200)	11585 (41200)	11642 (41400)	11670 (41500)	11698 (41600)	11726 (41700)
15	M/M/A/K	ICS-105	Fine	29mm	3.5-4.9	28	11782 (41900)	11782 (41900)	11838 (42100)	11867 (42200)	11895 (42300)	11923 (42400)
16	GUJ	ICS-105	Fine	29mm	3.5-4.9	28	11951 (42500)	11923 (42400)	11979 (42600)	12007 (42700)	12035 (42800)	12063 (42900)
17	M/M/A/K	ICS-105	Fine	30mm	3.5-4.9	29	12120 (43100)	12092 (43000)	12148 (43200)	12176 (43300)	12176 (43300)	12204 (43400)
18	M/M/A/K/T/O	ICS-105	Fine	31mm	3.5-4.9	30	12401 (44100)	12401 (44100)	12429 (44200)	12429 (44200)	12429 (44200)	12457 (44300)
19	A/K/T/O	ICS-106	Fine	32mm	3.5-4.9	31	12935 (46000)	12935 (46000)	12935 (46000)	12935 (46000)	12935 (46000)	12935 (46000)
20	M(P)/K/T	ICS-107	Fine	34mm	3.0-3.8	33	15466 (55000)	15466 (55000)	15466 (55000)	15466 (55000)	15607 (55500)	15607 (55500)

(Note: Figures in bracket indicate prices in Rs./Candy)