

Domestic Fundamentals:

Market Outlook: Cotton spot market prices reported weak tone on Saturday.

In The News: Maharashtra state government will seek financial assistance of Rs 2,430 crores from central government under the National Disaster Response Fund (NDRF) to compensate farmers who are hit by the pest attack cotton and paddy crops and loss of horticulture due to Ockhi Cyclone. Experts estimate the losses to be more than Rs 15,000 crore across the state, with the majority of losses being incurred in Marathwada and Vidarbha regions.

An unexpected rise in the domestic prices coupled with strong rupee poses a major threat to Indian exports, with deals worth at least 500,000 bales under threat of being cancelled over the next couple of months. According to section of traders, renegotiation of pricing is underway for deals of around 1 mln bales and half of it may get cancelled unless settled mutually. On MCX of India, cotton prices have risen over 12 % in the last six-seven weeks, bringing exports to virtual halt this month.

Major importers of cotton Indian cotton are Bangladesh, Vietnam, China and Turkey. Of the 2.2 mln bales of export deals signed so far, Pakistan accounts for around 400,000 bales and it will be shipped to the neighbouring country upon opening permits from Monday,

The projected balance sheet drawn by the Cotton Association of India(CAI) estimated total cotton supply for the season at 425 lakh bales of 170 kgs each, including the opening stock of 30 lakh bales at the beginning of the season and the imports which the CAI estimates at 20 lakh bales for 2017-18 crop year. The domestic consumption is estimated to be 320 lakh bales while CAI estimates exports for the season to be 55 lakh bales.

In Andhra Pradesh cotton crop was damaged Up to 25 percent due to rain and Pink bollworm attack. Before this, state cotton traders were expected production for this year was 25 to 30 lakh bales.

Market arrivals of cotton in the first three months of the 2017-18 marketing season starting October are higher by around 43 per cent over corresponding last year. Arrivals would have crossed 148 lakh bales by December 31 this year as against 108 lakh bales, based on the data gathered from each State.

Chief Minister of Maharashtra, Mr Fadnavis said the government would ensure that all the cotton farmers, affected from Pink ballworm would get compensation from crop insurance, compensation from seed companies concerned and moreover from the state government.

Experts of Punjab Agricultural University said that Picking should be completed as early as possible and trashes of cotton and unopened bolls should be removed from filed, after last picking allow goats, sheep and other animals to graze on unopened bolls and plant debris in the cotton fields.

International Fundamentals:

International cotton prices have continued to move upward over the last few months as the season has underway. From the season low of 77 cents per pound at start of season, prices are at a season high at the end of this calendar year up to 88 cents per pound. The current season average of 80 cents per pound is lower than the 2016-17 average of 83 cents per pound.

Cotton yarn export at 85.5 million kg worth US\$255 million (INR 1630 Crore) was up 12 per cent in November as 75 countries imported yarn at an average unit price realization of US \$2.98 kg, US cents 6 less than previous month and US cents 8 higher than last year.

China reduced its import of cotton yarn from India by 4 per cent in value, but still accounted for 40 per cent of total shipment during November followed by Bangladesh and Egypt. 10 countries did not import cotton yarn from India as they did last year, that were replaced by 12 countries which imported yarn worth US\$ 12 million, Singapore, Honduras, Lithuania, Argentina and Jordan were among the fastest growing large markets for cotton yarn.

December crop report, USDA estimated a 2017-18 U.S. crop of 21.44 million bales. Upland production was estimated at 20.71 million bales and extra-long staple (ELS) production at 727,000 bales. Harvested area was an estimated 11.41 million acres, implying a non-harvested area of about 1.21 million acres.

Global cotton area for 2017-18 is projected to increase by 11 per cent to 32.5 million hectares. As a result, global cotton production is forecast to grow by 12 per cent during 2017-18, compared to 7 per cent growth in 2016-17, the International Cotton Advisory Committee (ICAC).

NCDEX Kapas Futures*: (Prices in Rs/20kg)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Cont. (C1)	-0.5	990	998	984	985.5	5933	1958	8629	23

Spread	Cont (C1)			
Spot	75		-	
	-		-	

Updated at 05:00 pm as on 06-Jan-2018

MCX Cotton Futures*: (Prices in Rs/170 kgs)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-18	-40	20320	20480	20200	20240	3339	1735	8476	13
Feb-18	-10	20520	20680	20400	20450	1442	627	2630	35

Spread	DEC-17	Jan-18	-	-	--	--
Spot				-	-	-
Jan-18	-200			-	-	-

(NB: Spread Basis = Spot- Near Month Future)

* Updated at 05:00 pm as on 06-Jan 2018

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	6-Jan-18	5-Jan-18	
Gujarat	Ahmedabad	Shankar-6	5350	5350	Unch
	Gondal	Shankar-6	5335	5360	-25
	Rajkot	B.T. Cotton	5350	5365	-15
	Patan	B.T. Cotton	5365	5350	15
	Kadi	B.T. Cotton	5450	5450	Unch
	Deesa	B.T. Cotton	NR	5075	-
	Dhrol	B.T. Cotton	NR	5315	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5550	5550	Unch
	Bhiwani	Desi	6300	6325	-25
	Adampur	B.T. Cotton	5400	5420	-20
	Fatehabad	B.T. Cotton	5450	5470	-20
	Jind	B.T. Cotton	5600	5630	-30
	Uchana	B.T. Cotton	5515	5520	-5
	Dabwali	B.T. Cotton	5315	5355	-40
Rajasthan	Hanumangarh	B.T. Cotton	5470	5500	-30
	Rawatsar	B.T. Cotton	5350	5500	-150
Madhya Pradesh	Khandwa	Mech-1	Closed	5300	-
	Khargaon	Mech-1	Closed	NR	-
Maharashtra	Amravati	Mech-1	5000	5000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5600	NR	-
	Hathras	Desi	4500	NR	-
Telangana	Adilabad	Un-Ginned	4940	4970	-30
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4320	4320	Unch
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	6-Jan-18	5-Jan-18	
Punjab	Bhatinda	J-34	4280	4295	-15
	Abohar	J-34	4280	4300	-20
	Mansa	J-34	4250	4270	-20

	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4260	4280	-20
Rajasthan	Sri-Ganganagar	J-34	4089	4042	47

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	6-Jan-18	5-Jan-18	
Gujarat	Ahmedabad	Shankar-6	59500	59500	Unch
	Gondal	Shankar-6	4342	3405	937
	Rajkot	B.T. Cotton	5800	6000	-200
	Patan	B.T. Cotton	17093	15742	1351
	Kadi	B.T. Cotton	50000	60000	-10000
	Deesa	B.T. Cotton	NR	650	-
	Dhrol	B.T. Cotton	NR	428	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	2000	2000	Unch
	Bhiwani	Desi	NA	20	-
	Adampur	B.T. Cotton	1000	1500	-500
	Fatehabad	B.T. Cotton	900	500	400
	Jind	B.T. Cotton	340	349	-9
	Uchana	B.T. Cotton	1065	1000	65
	Dabwali	B.T. Cotton	550	425	125
Rajasthan	Hanumangarh	B.T. Cotton	3000	3000	Unch
	Rawatsar	B.T. Cotton	1000	1000	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	600	-
	Khargaon	Mech-1	Closed	NR	-
Maharashtra	Amravati	Mech-1	12000	13000	-1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NR	-
	Hathras	Desi	NA	NR	-
Telangana	Adilabad	Un-Ginned	11432	12917	-1485
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	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	6-Jan-18	5-Jan-18	

Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	850	850	Unch
	Mansa	J-34	255	255	Unch
Haryana	Sirsa	J-34	850	850	Unch
Rajasthan	Sri-Ganganagar	J-34	500	500	Unch

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				5-Jan-18	4-Jan-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	42000	41800	200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	42800	42600	200
J-34(202)	26mm	3.5 - 4.9	23	40000	39600	400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39300	39100	200
Shankar-6(105)	29mm	3.5 - 4.9	28	40900	40600	300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42400	42100	300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44300	44100	200
DCH-32(107)	34mm	3.0 - 3.8	33	57000	57000	Unch

Cotton Seed Oil Prices
Refined Cotton Seed Oil at Key Centers:

Centre	Unit	Price		Change
		6-Jan-18	5-Jan-18	
Rajkot	Rs. /10 Kg.	678	680	-2
New Delhi	Rs. /10 Kg.	680	680	Unch
Hyderabad	Rs. /10 Kg.	NA	NA	-
Mumbai	Rs. /10 Kg.	700	700	Unch

Cotton Seed Oil Seed Cake Prices
Cotton Seed Oil Cake Prices at Key Centers:

Centre	Unit	Price		Change
		6-Jan-18	5-Jan-18	
Mahesana (Kadi)	Rs./Qtl	1801	1808	-7
Akola	Rs./Qtl	1814	1814	Unch

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 05-January-2018

Index	RMB/Ton	Change
CCIndex(328)	15665	-15

CCIndex(527)	14645	-6
CCIndex(229)	16190	-11
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 05-January-2018

Index	Cents/lb	Change
FC Index (S)	15665	-15
FC Index (M)	14645	-6
FC Index (L)	16190	-11

Cotlook Index: As on 05th-January-2018

Cotlook Indices	Cents/Pound	Change
A-Index	89.90	1.10

USDA Cotton Spot Rates: As on 05th-January-2018

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	78.76	81.51	8
North Delta	77.26	79.01	NIL
South Delta	77.26	79.01	NIL
East TX-OK	75.25	77.00	3610
West Texas	73.75	75.75	7123
Desert SW	73.01	77.01	NIL
SJ Valley	74.01	82.91	NIL

Spot quotations are for cotton equal to the official standards, net weight, in mixed lots. Upland quotations are FOB car/truck, which includes compression and any brokerage charges. The upland base quality is color 41, leaf grade 4, staple 34 (1.05 to 1.07), mike 3.5, 3.6 and 4.3 to 4.9, strength 26.5 to 28.4 grams per Tex and uniformity 80.5 to 81.4

ICE Cotton Futures (Prices in cents/lb.): Ason 05th-January-2018

Contract	Open	High	Low	Close	Change
Mar-18	79.15	80.05	77.81	78.01	-1.24
May-18	79.24	79.95	78.04	78.25	-1.08
Jul-18	79.65	80.09	78.49	78.68	-1.01
Oct-18	75.14	75.14	75.14	75.14	-0.69
Dec-18	74.50	74.85	74.12	74.36	-0.38
Mar-19	74.57	74.59	74.30	74.52	-0.41

Pakistan Cotton Spot rates: As on 05th-January-2018				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	7800	145	7945
Equivalent	40 Kgs	8359	155	8514

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