

Domestic Fundamentals:

Market Outlook: Cotton spot market prices noticed firm on Friday.

In The News: The harvest of cotton in Pakistan and northwest India is reported complete at this time. Mostly favourable conditions, for the harvest of cotton elsewhere in India at this time.

At a Telangana State review meeting on agriculture sector on last week, chief minister K Chnadrasekhar Rao said that there is uncertainty over the prices of cotton and other produces. Though the Cotton Corporation of India and other agencies are involved in the purchase of cotton, cotton farmers are still facing lots of problems. We need a strategy to bail out cotton farmers from this situation, mostly arising out of volatile situation in International markets. The CM said.

Twelve lakh farmers have filed complaints with the Agriculture Department against 216 private seed companies for providing sub-standard cotton seeds.

The farmers said that the seeds failed to counter the pink bollworm pest and led to drop in cotton production. They have sought compensation of Rs. 6,500 crore.

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.

International Fundamentals:

Vietnam customs latest data revealed that the country's December cotton import totalled at 105,645 tonnes up by 35.6 per cent from last month.

As of January 9, 207,160 tons of cotton were harvested in Azerbaijan, which is 2.3 times more than in the same period of 2017, the Azerbaijani State Statistics Committee said in a message Jan. 10. For comparison: 88,600 tons of cotton were harvested in Azerbaijan as of Jan. 9, 2017. During the reporting period, the biggest volume of cotton was harvested in Azerbaijan's Saatli district. Thus, 25,750 tons of cotton were harvested from a 17,220-hectare-area.

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.

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) | 12.5 | 1019 | 1024.5 | 1019 | 1023 | 1483 | -7731 | 7435 | -296 |

| Spread | Cont (C1) | | |
|-------------|-----------|---|---|
| Spot | -35.5 | - | - |
| | - | - | - |

Updated at 05:00 pm as on 12-Jan-2018

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

| Contract | +/- | Open | High | Low | Close | Volume | Change | OI | Change |
|---------------|-----|-------|-------|-------|-------|--------|--------|------|--------|
| Jan-18 | 240 | 20850 | 21090 | 20850 | 20980 | 961 | -2853 | 7403 | -340 |
| Feb-18 | 260 | 21100 | 21300 | 21100 | 21220 | 726 | -1555 | 4251 | 590 |

| Spread | Jan 18 | Feb 18 | - | - | -- | -- |
|---------------|--------|--------|---|---|----|----|
| Spot | | | | - | - | - |
| Jan-18 | -210 | | | - | - | - |

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

* Updated at 05:00 pm as on 12-Jan 2018

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

| Commodity | Kapas | | Prices (Rs./Quintal) | | Change |
|----------------|---------------|---------------|----------------------|-----------|--------|
| State | Centre | Variety | 12-Jan-18 | 11-Jan-18 | |
| Gujarat | Ahmedabad | Shankar-6 | 5050 | 5350 | -300 |
| | Gondal | Shankar-6 | 5325 | 5475 | -150 |
| | Rajkot | B.T. Cotton | 5350 | 5300 | 50 |
| | Patan | B.T. Cotton | 5495 | 5355 | 140 |
| | Kadi | B.T. Cotton | 5350 | 5350 | Unch |
| | Deesa | B.T. Cotton | 5070 | 5075 | -5 |
| | Dhrol | B.T. Cotton | 5300 | 5265 | 35 |
| Punjab | Fazilika | B.T. Cotton | NR | NR | - |
| | Muktsar | B.T. Cotton | NR | NR | - |
| Haryana | Bhiwani | B.T. Cotton | 5700 | 5525 | 175 |
| | Bhiwani | Desi | 6600 | 6500 | 100 |
| | Adampur | B.T. Cotton | 5540 | 5440 | 100 |
| | Fatehabad | B.T. Cotton | 5600 | 5480 | 120 |
| | Jind | B.T. Cotton | 5750 | 5660 | 90 |
| | Uchana | B.T. Cotton | 5487 | 5409 | 78 |
| | Dabwali | B.T. Cotton | 5470 | 5355 | 115 |
| Rajasthan | Hanumangarh | B.T. Cotton | 5600 | 5470 | 130 |
| | Rawatsar | B.T. Cotton | 5650 | 5430 | 220 |
| Madhya Pradesh | Khandwa | Mech-1 | 5200 | 5200 | Unch |
| | Khargaon | Mech-1 | NR | NR | - |
| Maharashtra | Amravati | Mech-1 | 5050 | 5100 | -50 |
| | Jamner | Medium Staple | NA | NA | - |
| Uttar Pradesh | Hathras | B.T. Cotton | NA | NA | - |
| | Hathras | Desi | NA | NA | - |
| Telangana | Adilabad | Un-Ginned | NA | 4920 | - |
| 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 | 5867 | 5569 | 298 |
| | Hubli | D.C.H. | NA | NA | - |
| | Hubli | B.T. Cotton | NA | NA | - |
| | Raichur | H-44 Cotton | NA | 5300 | - |
| Commodity | Lint | | Prices (Rs./Maunder) | | Change |
| State | Centre | Variety | 12-Jan-18 | 11-Jan-18 | |
| Punjab | Bhatinda | J-34 | 4430 | 4310 | 120 |
| | Abohar | J-34 | 4440 | 4310 | 130 |
| | Mansa | J-34 | 4300 | 4270 | 30 |

| | | | | | |
|------------------|----------------|------|------|------|------------|
| | Muktsar | J-34 | NR | NR | - |
| | Fazilika | J-34 | NR | NR | - |
| Haryana | Sirsa | J-34 | 4430 | 4295 | 135 |
| Rajasthan | Sri-Ganganagar | J-34 | 4183 | 4066 | 118 |

Cotton Arrivals in Key Centers:

| Commodity | Kapas | | Arrivals (Quintal) | | Change |
|----------------|---------------|---------------|--------------------|-----------|--------|
| State | Centre | Variety | 12-Jan-18 | 11-Jan-18 | |
| Gujarat | Ahmedabad | Shankar-6 | 68000 | 68000 | Unch |
| | Gondal | Shankar-6 | 1000 | 3710 | -2710 |
| | Rajkot | B.T. Cotton | 5600 | 5800 | -200 |
| | Patan | B.T. Cotton | 12255 | 9730 | 2525 |
| | Kadi | B.T. Cotton | 50000 | 50000 | Unch |
| | Deesa | B.T. Cotton | 500 | 650 | -150 |
| | Dhrol | B.T. Cotton | 468 | 390 | 78 |
| Punjab | Fazilika | B.T. Cotton | NR | NR | - |
| | Muktsar | B.T. Cotton | NR | NR | - |
| Haryana | Bhiwani | B.T. Cotton | 1000 | 1200 | -200 |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 3000 | 3500 | -500 |
| | Fatehabad | B.T. Cotton | 1200 | 850 | 350 |
| | Jind | B.T. Cotton | 595 | 510 | 85 |
| | Uchana | B.T. Cotton | 1225 | 2835 | -1610 |
| | Dabwali | B.T. Cotton | 750 | 725 | 25 |
| Rajasthan | Hanumangarh | B.T. Cotton | 3500 | 2000 | 1500 |
| | Rawatsar | B.T. Cotton | 1000 | 1000 | Unch |
| Madhya Pradesh | Khandwa | Mech-1 | 600 | 800 | -200 |
| | Khargaon | Mech-1 | NR | NR | - |
| Maharashtra | Amravati | Mech-1 | 15000 | 16000 | -1000 |
| | Jamner | Medium Staple | NA | NA | - |
| Uttar Pradesh | Hathras | B.T. Cotton | NA | NA | - |
| | Hathras | Desi | NA | NA | - |
| Telangana | Adilabad | Un-Ginned | NA | 5744 | - |
| 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 | 2200 | 2350 | -150 |
| | Hubli | D.C.H. | NA | NA | - |
| | Hubli | B.T. Cotton | NA | NA | - |
| | Raichur | H-44 Cotton | NA | 910 | - |
| Commodity | Lint | | Arrivals (Quintal) | | Change |
| State | Centre | Variety | 12-Jan-18 | 11-Jan-18 | |

| | | | | | |
|------------------|----------------|------|------|------|-------------|
| Punjab | Bhatinda | J-34 | 5100 | 5950 | -850 |
| | Abohar | J-34 | 1020 | 1020 | Unch |
| | Mansa | J-34 | 680 | 680 | Unch |
| Haryana | Sirsa | J-34 | 850 | 680 | 170 |
| 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 |
|---------------------------------------|------------|------------|------------------|---------------|---------------|-------------|
| | | | | 11-Jan-18 | 9-Jan-18 | |
| Bengal Deshi (RG)/Assam Comilla (101) | Below 22mm | 5.0 - 7.0 | 15 | 42200 | 41800 | 400 |
| Bengal Deshi (SG)(201) | Below 22mm | 5.0 - 7.0 | 15 | 42900 | 42500 | 400 |
| J-34(202) | 26mm | 3.5 - 4.9 | 23 | 40100 | 39700 | 400 |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 39400 | 39000 | 400 |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 41100 | 40700 | 400 |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 42400 | 42100 | 300 |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | 44100 | 43900 | 200 |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 55600 | 55900 | -300 |

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

| Centre | Unit | Price | | Change |
|-----------|-------------|-----------|-----------|-------------|
| | | 12-Jan-18 | 11-Jan-18 | |
| Rajkot | Rs. /10 Kg. | 672 | 672 | Unch |
| 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 |
|-----------------|---------|-----------|-----------|-----------|
| | | 12-Jan-18 | 11-Jan-18 | |
| Mahesana (Kadi) | Rs./Qtl | 1793 | 1776 | 17 |
| Akola | Rs./Qtl | 1805 | 1793 | 12 |

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 12-January-2018

| Index | RMB/Ton | Change |
|----------------------------------|---------|--------|
| CCIndex(328) | 15658 | 1 |
| CCIndex(527) | 14638 | Unch |
| CCIndex(229) | 16193 | 3 |
| RMB -Renminbi, 1RMB =0.16 \$U.S. | | |

China Foreign Cotton (FCE) Index : As on 12-January-2018

| Index | Cents/lb | Change |
|--------------|----------|--------|
| FC Index (S) | 95.93 | 2.72 |
| FC Index (M) | 92.25 | 2.55 |
| FC Index (L) | 90.50 | 2.51 |

Cotlook Index: As on 10th-January-2018

| Cotlook Indices | Cents/Pound | Change |
|-----------------|-------------|--------|
| A-Index | 88.80 | 0.10 |

USDA Cotton Spot Rates: As on 11st-January-2018

| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|---------------------|---------------------|----------|
| | cents/lb. | | Bales |
| Southeast | 83.15 | 85.90 | 921 |
| North Delta | 81.65 | 83.40 | NIL |
| South Delta | 81.65 | 83.40 | NIL |
| East TX-OK | 79.25 | 81.00 | 16270 |
| West Texas | 77.75 | 79.75 | 36562 |
| Desert SW | 77.65 | 81.65 | NIL |
| SJ Valley | 78.65 | 87.55 | 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 11st-January-2018

| Contract | Open | High | Low | Close | Change |
|----------|-------|-------|-------|-------|--------|
| Mar-18 | 79.55 | 82.65 | 79.42 | 82.65 | 3.00 |
| May-18 | 79.87 | 82.96 | 79.73 | 82.96 | 3.00 |
| Jul-18 | 80.05 | 83.14 | 79.97 | 83.00 | 2.85 |
| Oct-18 | 77.38 | 77.38 | 77.38 | 77.38 | 1.32 |
| Dec-18 | 74.89 | 75.47 | 74.76 | 75.42 | 0.50 |
| Mar-19 | 75.10 | 75.30 | 74.75 | 75.27 | 0.08 |

| Pakistan Cotton Spot rates: As on 11st-January-2018 | | | | (in Pakistan Rupees) |
|--|------------------|---------------------|-------------------------|-----------------------------|
| Product | Rate for | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
| Cotton | 37.32 Kgs | 7600 | 145 | 7745 |
| Equivalent | 40 Kgs | 8145 | 155 | 8300 |

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