

Domestic Fundamentals:

Market Outlook: Cotton spot market prices noticed mixed tone on Tuesday.

In The News: Indian cotton traders have cancelled contracts to export some 400,000 bales of the fibre after a rally in domestic prices and the rising rupee made overseas sales unattractive, the president of the Cotton Association of India told Reuters.

The switch, triggering penalty payments by traders, has left cotton buyers in leading markets like Bangladesh, Vietnam and China seeking to make up shortfalls by tapping suppliers in the United States, Australia and Brazil, said association head Atul Ganatra.

The cancellations and higher local prices could cut India's exports to 5 million bales, each of 170 kg, in the 2017/18 marketing year started on Oct. 1 - nearly a quarter below an initial estimate. Prices surged more than 15 percent in the past six weeks after pest infestations squeezed supplies in the world's biggest producer of the fibre.

Indian traders have so far shipped 1.5 million bales of the 2.5 million bales contracted since Oct. 1, when the current year began, dealers said. Last year India exported 5.8 million bales of cotton.

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.

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:

Cotton on MCX settled down by -0.53% at 20610 tracking weakness in spot demand and overseas prices hurt by a slightly bearish supply demand USDA report as production in China expected to jump 5.6% India cotton traders cancel export deals due to higher local prices and country could export only 5 million bales, each of 170kg, in the 2017/18 marketing year started on 1 October—nearly a quarter below an initial estimate Market arrivals of cotton in the first three months of the 2017-18 marketing season starting October are higher by around 43% over corresponding last year.

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.

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)	2.5	997	1002	990.5	1001	4277	710	6946	-177
Spread	Cont (C1)								
Spot	48		-		-		-		
	-		-		-		-		

Updated at 05:00 pm as on 16-Jan-2018

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-18	40	20580	20660	20480	20650	2160	890	6299	-435
Feb-18	40	20780	20880	20700	20870	1517	566	5252	129
Spread	Jan 18	Feb 18	-		-	-	--	--	--
Spot					-	-	-	-	-
Jan-18	-220				-	-	-	-	-

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

* Updated at 05:00 pm as on 16-Jan 2018

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	16-Jan-18	15-Jan-18	
Gujarat	Ahmedabad	Shankar-6	5350	5450	-100
	Gondal	Shankar-6	5270	5305	-35
	Rajkot	B.T. Cotton	5225	5250	-25
	Patan	B.T. Cotton	5325	5325	Unch
	Kadi	B.T. Cotton	5400	5450	-50
	Deesa	B.T. Cotton	5285	5115	170
	Dhrol	B.T. Cotton	NR	5280	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5525	5570	-45
	Bhiwani	Desi	NA	6200	-
	Adampur	B.T. Cotton	5350	5350	Unch
	Fatehabad	B.T. Cotton	5450	5440	10
	Jind	B.T. Cotton	5780	5600	180
	Uchana	B.T. Cotton	5450	5520	-70
	Dabwali	B.T. Cotton	5305	5305	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5450	5450	Unch
	Rawatsar	B.T. Cotton	5400	5450	-50
Madhya Pradesh	Khandwa	Mech-1	5200	5200	Unch
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	4950	5050	-100
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5200	5100	100
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
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		Prices (Rs./Maunder)		Change
State	Centre	Variety	16-Jan-18	15-Jan-18	
Punjab	Bhatinda	J-34	4350	4350	Unch
	Abohar	J-34	4350	4350	Unch
	Mansa	J-34	4320	4320	Unch

	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4330	4330	Unch
Rajasthan	Sri-Ganganagar	J-34	4061	4089	-28

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	16-Jan-18	15-Jan-18	
Gujarat	Ahmedabad	Shankar-6	51000	42500	8500
	Gondal	Shankar-6	3091	2798	293
	Rajkot	B.T. Cotton	4000	3600	400
	Patan	B.T. Cotton	11755	5866	5889
	Kadi	B.T. Cotton	35000	50000	-15000
	Deesa	B.T. Cotton	190	250	-60
	Dhrol	B.T. Cotton	NR	331	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1000	1500	-500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	3000	2500	500
	Fatehabad	B.T. Cotton	500	450	50
	Jind	B.T. Cotton	459	510	-51
	Uchana	B.T. Cotton	770	2170	-1400
	Dabwali	B.T. Cotton	400	300	100
Rajasthan	Hanumangarh	B.T. Cotton	800	2000	-1200
	Rawatsar	B.T. Cotton	1000	1000	Unch
Madhya Pradesh	Khandwa	Mech-1	400	600	-200
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	16000	18000	-2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	40	60	-20
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
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	16-Jan-18	15-Jan-18	

Punjab	Bhatinda	J-34	5950	5950	Unch
	Abohar	J-34	850	680	170
	Mansa	J-34	170	425	-255
Haryana	Sirsa	J-34	510	510	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
				15-Jan-18	13-Jan-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	42300	42500	-200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	42900	43100	-200
J-34(202)	26mm	3.5 - 4.9	23	40200	40500	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39800	40000	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	41500	41700	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42700	42900	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44100	44300	-200
DCH-32(107)	34mm	3.0 - 3.8	33	55600	55800	-200

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

Centre	Unit	Price		Change
		16-Jan-18	15-Jan-18	
Rajkot	Rs. /10 Kg.	670	673	-3
New Delhi	Rs. /10 Kg.	680	680	Unch
Hyderabad	Rs. /10 Kg.	NR	NR	-
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
		16-Jan-18	15-Jan-18	
Mahesana (Kadi)	Rs./Qtl	1751	1795	-44
Akola	Rs./Qtl	1773	1800	-27

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 16-January-2018

Index	RMB/Ton	Change
CCIndex(328)	15661	1
CCIndex(527)	14646	5
CCIndex(229)	16199	1
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 16-January-2018

Index	Cents/lb	Change
FC Index (S)	95.02	Unch
FC Index (M)	91.47	Unch
FC Index (L)	89.49	Unch

Cotlook Index: As on 15-January-2018

Cotlook Indices	Cents/Pound	Change
A-Index	92.35	-1.00

USDA Cotton Spot Rates: As on 12-January-2018

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	82.18	84.93	NIL
North Delta	80.68	82.43	NIL
South Delta	80.68	82.43	NIL
East TX-OK	78.00	79.75	3646
West Texas	76.50	78.50	17914
Desert SW	76.68	80.68	1875
SJ Valley	77.68	86.58	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 15-January-2018

Contract	Open	High	Low	Close	Change
Mar-18	82.85	84.65	80.30	81.68	-0.97
May-18	83.01	84.45	80.41	81.96	-1.00
Jul-18	83.00	84.38	80.50	82.22	-0.78
Oct-18	76.77	76.77	76.77	76.77	-0.61
Dec-18	75.28	75.44	74.00	75.34	-0.08
Mar-19	75.29	75.65	74.08	75.61	0.34

Pakistan Cotton Spot rates: As on 15-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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