

### Domestic Fundamentals:

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

**In The News:** The Maharashtra state has sought the Centre's help for Rs 2,430 crore under the National Disaster Relief Fund (NDRF) but the Centre never approves 100 per cent of the demand. In that case, the state would not be able to compensate the farmers the contribution announced under the fund. It has also said it will give Rs 8,000 per hectare under insurance cover but most farmers may not be eligible for compensation as their first two pickings have registered excessive produce. Farmers are eligible for insurance only if the loss is for over 30 per cent of the total yield and there were many cases where farmers had produced over 70 per cent yield. Also, the recovery from seed companies under the Maharashtra Cotton Seeds Act, 2009, due to failure of seeds is difficult.

The Maharashtra government has decided to withdraw the facility of co-marketing of brands for BT cotton seed companies, top officials of the state agriculture department said.

Bangladesh imports 46 percent of natural fibre from India spending about \$3 billion a year for local consumption. With the sudden cancellation of shipment of 400,000 bales of cotton by Indian traders, after a rally in domestic prices and the rising rupee, the Bangladeshi yarn makers will be negatively affected which could deal a blow to apparel exports

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 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.

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:

The current cotton season's prices have risen in concert with climbing higher international prices since October last year, with the rates touching \$85 cents a pound recently. Cotton prices in the country have increased sharply - nearly 14% towards levels around 43,000 a candy

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.

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
<b>Cont. (C1)</b>	-0.5	999	1003	995.5	1001	2160	-2117	7036	90

Spread	Cont (C1)			
Spot	-42		-	
	-		-	

Updated at 05:00 pm as on 17-Jan-2018

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
<b>Jan-18</b>	-40	20640	20690	20600	20650	884	-1276	5719	-580
<b>Feb-18</b>	-30	20880	20910	20820	20870	587	-930	5582	330

Spread	Jan 18	Feb 18	-	-	--	--
Spot				-	-	-
Jan-18	-220			-	-	-

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

\* Updated at 05:00 pm as on 17-Jan 2018

**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	17-Jan-18	16-Jan-18	
Gujarat	Ahmedabad	Shankar-6	5300	5350	-50
	Gondal	Shankar-6	5310	5270	40
	Rajkot	B.T. Cotton	5225	5225	Unch
	Patan	B.T. Cotton	5335	5325	10
	Kadi	B.T. Cotton	5400	5400	Unch
	Deesa	B.T. Cotton	5115	5285	-170
	Dhrol	B.T. Cotton	NR	5255	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5550	5525	25
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5450	5350	100
	Fatehabad	B.T. Cotton	5460	5450	10
	Jind	B.T. Cotton	5650	5780	-130
	Uchana	B.T. Cotton	5468	5450	18
	Dabwali	B.T. Cotton	5335	5305	30
Rajasthan	Hanumangarh	B.T. Cotton	NR	5450	-
	Rawatsar	B.T. Cotton	5400	5400	Unch
Madhya Pradesh	Khandwa	Mech-1	5200	5200	Unch
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	5050	4950	100
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	5200	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4900	NA	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4320	NA	-
Karnataka	Bijapur	Bunny	5589	NA	-
	Hubli	D.C.H.	5351	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5330	NA	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	17-Jan-18	16-Jan-18	
Punjab	Bhatinda	J-34	4355	4350	5
	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	4340	4330	10
Rajasthan	Sri-Ganganagar	J-34	4066	4061	5

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	17-Jan-18	16-Jan-18	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	6219	3091	3128
	Rajkot	B.T. Cotton	4400	4000	400
	Patan	B.T. Cotton	11990	11755	235
	Kadi	B.T. Cotton	30000	35000	-5000
	Deesa	B.T. Cotton	1000	190	810
	Dhrol	B.T. Cotton	NR	189	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1500	1000	500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	2550	3000	-450
	Fatehabad	B.T. Cotton	600	500	100
	Jind	B.T. Cotton	408	459	-51
	Uchana	B.T. Cotton	745	770	-25
	Dabwali	B.T. Cotton	425	400	25
Rajasthan	Hanumangarh	B.T. Cotton	NR	800	-
	Rawatsar	B.T. Cotton	500	1000	-500
Madhya Pradesh	Khandwa	Mech-1	400	400	Unch
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	10000	16000	-6000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	40	-
	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	1700	NA	-
	Hubli	D.C.H.	2	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	1545	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	17-Jan-18	16-Jan-18	
Punjab	Bhatinda	J-34	5100	5950	-850
	Abohar	J-34	680	850	-170

	Mansa	J-34	850	170	680
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
				16-Jan-18	15-Jan-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	42100	42300	-200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	42700	42900	-200
J-34(202)	26mm	3.5 - 4.9	23	40000	40200	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39600	39800	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	41200	41500	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42500	42700	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43800	44100	-300
DCH-32(107)	34mm	3.0 - 3.8	33	55300	55600	-300

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

Centre	Unit	Price		Change
		17-Jan-18	16-Jan-18	
Rajkot	Rs. /10 Kg.	670	670	Unch
New Delhi	Rs. /10 Kg.	680	680	Unch
Hyderabad	Rs. /10 Kg.	NR	NR	-
Mumbai	Rs. /10 Kg.	695	700	-5

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

Centre	Unit	Price		Change
		17-Jan-18	16-Jan-18	
Mahesana (Kadi)	Rs./Qtl	1755	1751	4
Akola	Rs./Qtl	1775	1773	2

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 17-January-2018**

Index	RMB/Ton	Change
CCIndex(328)	15660	-1
CCIndex(527)	14646	Unch
CCIndex(229)	16196	-3
RMB -Renminbi, 1RMB =0.16 \$U.S.		

**China Foreign Cotton (FCE) Index : As on 17-January-2018**

Index	Cents/lb	Change
FC Index (S)	94.54	-0.48
FC Index (M)	91.01	-0.46
FC Index (L)	88.99	-0.50

**Cotlook Index: As on 16-January-2018**

Cotlook Indices	Cents/Pound	Change
A-Index	92.35	Unch

**USDA Cotton Spot Rates: As on 16-January-2018**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	81.93	84.68	NIL
North Delta	80.43	82.18	NIL
South Delta	80.43	82.18	NIL
East TX-OK	77.75	79.50	7150
West Texas	76.25	78.25	9985
Desert SW	76.43	80.43	1138
SJ Valley	77.43	86.33	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 16-January-2018**

Contract	Open	High	Low	Close	Change
Mar-18	81.82	82.05	80.62	81.43	-0.25
May-18	81.95	82.21	80.90	81.67	-0.29
Jul-18	82.21	82.30	81.16	81.86	-0.36
Oct-18	76.50	76.50	76.50	76.50	-0.27
Dec-18	75.12	75.34	74.70	75.03	-0.31
Mar-19	75.16	75.27	74.64	75.27	-0.34

**Pakistan Cotton Spot rates: As on 16-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	830

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