

### Domestic Fundamentals:

**Market Outlook:** Cotton spot market prices were noticed weak on Tuesday.

**In The News:** National Seed Association of India (NSAI) has blamed the MMBL for loss of BT cotton crop in this Kharif season in Maharashtra due to pink bollworm infestation. It has asked the company to take the "complete responsibility" else its members will not sell any BT cotton seeds.

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.

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.

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 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 Karachi Cotton Association on Monday fixed the official spot rate, or base price, for Grade 3 cotton at 8,038 rupees per maund (40 kg). Grade 3 cotton has a staple length of 1-1/16" and micronaire value between 3.8 and 4.9 NCL (no control limits), which represents fine to coarse classes of cotton varieties. In the kerb market, the key crop varieties traded in the range of 8,000 to 6,400 rupees per maund.

Cotton futures in March contract are higher by 13 points at 83.55 in a relatively quiet trading session this Monday afternoon in New York as prices are still hovering right near contract highs.

China ranks as the top foreign buyer of US cotton this season on purchases of 2.019 million running bales through Jan. 4 and India ranks eighth on purchases of 544,000 RB. India has been the leading buyer three weeks in row.

U.S. all-cotton export commitments stand at 82% of the USDA forecast. Far East prices remain competitive. Cotton futures finished higher for the third consecutive session Friday, with spot March completing an inside day and confined for the week within last Friday's wide trading range.

Net U.S. all-cotton export sales for shipment this season offered support, maintaining a steady pace at a strong 286,200 running bales during the week ended Jan. 11. This boosted 2017-18 commitments to 11.818 million RB, narrowing the lead over year-ago cumulative sales 66,000 RB to 2.423 million RB or 26% and reaching 82% of the USDA export forecast. A year ago, cumulative sales were 65% of final 2016-17 exports.

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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)	-4	989	993	981	984.5	4144	-613	7832	820

Spread	Cont (C1)		
Spot	-42	-	-
	-	-	-

Updated at 05:00 pm as on 23-Jan-2018

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-18	-110	20870	20880	20660	20700	1118	-512	4117	-752
Feb-18	-110	21080	21090	20830	20910	1693	-105	7041	742

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

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

\* Updated at 05:00 pm as on 23-Jan 2018

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

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	23-Jan-18	20-Jan-18	
Gujarat	Ahmedabad	Shankar-6	5300	5350	-50
	Gondal	Shankar-6	5225	5290	-65
	Rajkot	B.T. Cotton	5225	5300	-75
	Patan	B.T. Cotton	5265	5325	-60
	Kadi	B.T. Cotton	5300	5225	75
	Deesa	B.T. Cotton	5100	NR	-
	Dhrol	B.T. Cotton	5180	5225	-45
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5500	5600	-100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5360	5435	-75
	Fatehabad	B.T. Cotton	5350	5450	-100
	Jind	B.T. Cotton	NA	5850	-
	Uchana	B.T. Cotton	5415	5460	-45
	Dabwali	B.T. Cotton	5290	5365	-75
Rajasthan	Hanumangarh	B.T. Cotton	5500	5480	20
	Rawatsar	B.T. Cotton	5350	5400	-50
Madhya Pradesh	Khandwa	Mech-1	5000	Closed	-
	Khargaon	Mech-1	NR	Closed	-
Maharashtra	Amravati	Mech-1	5000	5000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4885	4930	-45
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	5055	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	4320	-
Karnataka	Bijapur	Bunny	5989	5639	350
	Hubli	D.C.H.	NA	5759	-
	Hubli	B.T. Cotton	NA	6551	-
	Raichur	H-44 Cotton	5400	5380	20
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	23-Jan-18	20-Jan-18	
Punjab	Bhatinda	J-34	4430	4500	-70
	Abohar	J-34	4430	4440	-10
	Mansa	J-34	4400	4400	Unch
	Muktsar	J-34	NR	NR	-

	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4400	4420	-20
Rajasthan	Sri-Ganganagar	J-34	4193	NR	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	23-Jan-18	20-Jan-18	
Gujarat	Ahmedabad	Shankar-6	76500	76500	Unch
	Gondal	Shankar-6	3518	3117	401
	Rajkot	B.T. Cotton	5400	6400	-1000
	Patan	B.T. Cotton	11265	13497	-2232
	Kadi	B.T. Cotton	75000	50000	25000
	Deesa	B.T. Cotton	250	NR	-
	Dhrol	B.T. Cotton	168	454	-286
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	500	1000	-500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	4250	3400	850
	Fatehabad	B.T. Cotton	500	1500	-1000
	Jind	B.T. Cotton	NA	595	-
	Uchana	B.T. Cotton	1170	3505	-2335
	Dabwali	B.T. Cotton	450	675	-225
Rajasthan	Hanumangarh	B.T. Cotton	2500	3500	-1000
	Rawatsar	B.T. Cotton	1000	1000	Unch
Madhya Pradesh	Khandwa	Mech-1	600	Closed	-
	Khargaon	Mech-1	NR	Closed	-
Maharashtra	Amravati	Mech-1	18000	16000	2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	13423	NA	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	631	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	3260	1806	1454
	Hubli	D.C.H.	NA	22	-
	Hubli	B.T. Cotton	NA	328	-
	Raichur	H-44 Cotton	1900	1575	325
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	23-Jan-18	20-Jan-18	
Punjab	Bhatinda	J-34	5100	5950	-850

	Abohar	J-34	1190	680	510
	Mansa	J-34	510	935	-425
<b>Haryana</b>	Sirsa	J-34	170	680	-510
<b>Rajasthan</b>	Sri-Ganganagar	J-34	400	NR	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				22-Jan-18	20-Jan-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	42200	42200	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	42800	42800	Unch
J-34(202)	26mm	3.5 - 4.9	23	40900	40600	300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40600	39800	800
Shankar-6(105)	29mm	3.5 - 4.9	28	41900	41500	400
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43300	42800	500
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44100	43600	500
DCH-32(107)	34mm	3.0 - 3.8	33	57100	56300	800

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

Centre	Unit	Price		Change
		23-Jan-18	20-Jan-18	
Rajkot	Rs. /10 Kg.	675	672	3
New Delhi	Rs. /10 Kg.	680	680	Unch
Hyderabad	Rs. /10 Kg.	NR	NR	-
Mumbai	Rs. /10 Kg.	698	695	3

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

Centre	Unit	Price		Change
		23-Jan-18	20-Jan-18	
Mahesana (Kadi)	Rs./Qtl	1688	1736	-48
Akola	Rs./Qtl	1736	1771	-35

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 23-January-2018**

Index	RMB/Ton	Change
CCIndex(328)	15693	5
CCIndex(527)	14669	3
CCIndex(229)	16216	8

RMB -Renminbi, 1RMB =0.16 \$U.S.

**China Foreign Cotton (FCE) Index : As on 23-January-2018**

Index	Cents/lb	Change
FC Index (S)	96.00	Unch
FC Index (M)	92.50	Unch
FC Index (L)	90.78	Unch

**Cotlook Index: As on 22-January-2018**

Cotlook Indices	Cents/Pound	Change
A-Index	94.10	0.75

**USDA Cotton Spot Rates: As on 22-January-2018**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	83.91	83.91	389
North Delta	82.41	82.41	NIL
South Delta	82.41	82.41	NIL
East TX-OK	78.50	78.50	7103
West Texas	76.75	76.75	17636
Desert SW	78.66	78.66	698
SJ Valley	79.41	79.41	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 22-January-2018**

Contract	Open	High	Low	Close	Change
Mar-18	83.35	83.95	83.00	83.41	-0.01
May-18	83.75	84.31	83.36	83.78	-0.01
Jul-18	84.08	84.75	83.77	84.19	-0.04
Oct-18	77.40	77.40	77.40	77.40	-0.24
Dec-18	75.70	75.98	75.50	75.75	Unch
Mar-19	75.80	75.80	75.70	75.70	-0.05

**Pakistan Cotton Spot rates: As on 22-January-2018**

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	7500	145	7645
Equivalent	40 Kgs	8038	155	8193

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