

Domestic Fundamentals:

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

In The News: India's state of Maharashtra, the country's second-biggest cotton producing state, has cut its forecast for output of the fibre by 37 percent from its September outlook as a pest infestation has reduced yields, a senior government official told Reuters. Maharashtra's output is now forecast to drop to 6 million bales of 170 kg each for the 2017-18 marketing year that started on Oct. 1. That is down from 10.7 million bales produced in the 2016-17 marketing year.

India's imports of yarn, fabrics and made-up articles during December last year rose by 20 per cent over the figure in the same month in 2016, according to the ministry of commerce and industry. Apparel exports, however, dropped 0.3 percent in April-December 2017 and 8 percent in December, which is being attributed by some to duty drawback rates revision.

According market sources said that buying by some of the leading mills and spinners in Pakistan helped the prices to hold present levels and trading activity also showed improvement.

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:

China Dec cotton import volumes reached 1lakh tones, up by 38.5% m-o-m about down by 30 % y-o-y. in Jan-Dec, China cotton approached 1.16 million tons, up by 29% y-o-y. in 2017-18, cumulative cotton imports of China reached 340000 tonnes ,up by 14.12% y-o-y.

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.

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	978	979	965	975	6081	1819	8890	1038

Spread	Cont (C1)		
Spot	-61	-	-
	-	-	-

Updated at 05:00 pm as on 25-Jan-2018

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-18	100	20320	20440	20320	20410	2223	-122	1901	-1135
Feb-18	150	20620	20710	20580	20680	3296	-4	8879	1347

Spread	Jan 18	Feb 18	-	-	--	--
Spot				-	-	-
Jan-18	-270			-	-	-

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

* Updated at 05:00 pm as on 25-Jan 2018

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	25-Jan-18	24-Jan-18	
Gujarat	Ahmedabad	Shankar-6	5250	5250	Unch
	Gondal	Shankar-6	5210	5260	-50
	Rajkot	B.T. Cotton	Closed	5200	-
	Patan	B.T. Cotton	Closed	5240	-
	Kadi	B.T. Cotton	5300	5350	-50
	Deesa	B.T. Cotton	5075	5060	15
	Dhrol	B.T. Cotton	5140	5170	-30
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5450	5500	-50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5180	5300	-120
	Fatehabad	B.T. Cotton	5260	5330	-70
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	5380	5245	135
Rajasthan	Hanumangarh	B.T. Cotton	5400	5450	-50
	Rawatsar	B.T. Cotton	5250	5350	-100
Madhya Pradesh	Khandwa	Mech-1	4900	4900	Unch
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	5100	5000	100
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	4860	-
Andhra Pradesh	Guntur	Un-Ginned	NA	3500	-
	Kurnool	Un-Ginned	NA	4959	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	4320	-
Karnataka	Bijapur	Bunny	5579	5669	-90
	Hubli	D.C.H.	NA	5700	-
	Hubli	B.T. Cotton	NA	5301	-
	Raichur	H-44 Cotton	5200	5300	-100
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	25-Jan-18	24-Jan-18	
Punjab	Bhatinda	J-34	4325	4390	-65
	Abohar	J-34	4315	4390	-75
	Mansa	J-34	4300	4360	-60
	Muktsar	J-34	NR	NR	-

	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4300	4370	-70
Rajasthan	Sri-Ganganagar	J-34	3995	4202	-207

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	25-Jan-18	24-Jan-18	
Gujarat	Ahmedabad	Shankar-6	68000	68000	Unch
	Gondal	Shankar-6	3737	3431	306
	Rajkot	B.T. Cotton	Closed	6400	-
	Patan	B.T. Cotton	Closed	10722	-
	Kadi	B.T. Cotton	55000	65000	-10000
	Deesa	B.T. Cotton	650	400	250
	Dhrol	B.T. Cotton	433	357	76
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1000	2000	-1000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6800	6800	Unch
	Fatehabad	B.T. Cotton	800	700	100
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NA	NA	-
	Dabwali	B.T. Cotton	1000	700	300
Rajasthan	Hanumangarh	B.T. Cotton	200	600	-400
	Rawatsar	B.T. Cotton	1000	1000	Unch
Madhya Pradesh	Khandwa	Mech-1	600	600	Unch
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	17000	16000	1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	12570	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	416	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	2808	4468	-1660
	Hubli	D.C.H.	NA	78	-
	Hubli	B.T. Cotton	NA	4	-
	Raichur	H-44 Cotton	1252	1215	37
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	25-Jan-18	24-Jan-18	
Punjab	Bhatinda	J-34	6800	4250	2550

	Abohar	J-34	1360	850	510
	Mansa	J-34	680	170	510
Haryana	Sirsa	J-34	510	170	340
Rajasthan	Sri-Ganganagar	J-34	500	300	200

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				24-Jan-18	23-Jan-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	41900	42200	-300
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	42500	42800	-300
J-34(202)	26mm	3.5 - 4.9	23	40600	40900	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40300	40600	-300
Shankar-6(105)	29mm	3.5 - 4.9	28	41800	41900	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43000	43300	-300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43900	44100	-200
DCH-32(107)	34mm	3.0 - 3.8	33	57500	57500	Unch

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

Centre	Unit	Price		Change
		25-Jan-18	24-Jan-18	
Rajkot	Rs. /10 Kg.	680	680	Unch
New Delhi	Rs. /10 Kg.	685	685	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
		25-Jan-18	24-Jan-18	
Mahesana (Kadi)	Rs./Qtl	1679	1704	-25
Akola	Rs./Qtl	1717	1738	-21

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 25-January-2018

Index	RMB/Ton	Change
CCIndex(328)	15703	7
CCIndex(527)	14682	3
CCIndex(229)	16229	11

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

China Foreign Cotton (FCE) Index : As on 25-January-2018

Index	Cents/lb	Change
FC Index (S)	95.49	Unch
FC Index (M)	92.03	Unch
FC Index (L)	90.24	Unch

Cotlook Index: As on 24-January-2018

Cotlook Indices	Cents/Pound	Change
A-Index	92.85	-1.25

USDA Cotton Spot Rates: As on 24-January-2018

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	82.77	85.02	1710
North Delta	81.27	83.02	1901
South Delta	81.27	83.02	NIL
East TX-OK	78.00	79.75	4013
West Texas	76.50	78.50	7286
Desert SW	77.52	81.52	460
SJ Valley	78.27	87.17	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 24-January-2018

Contract	Open	High	Low	Close	Change
Mar-18	82.07	82.73	81.61	82.27	0.01
May-18	82.55	83.20	82.13	82.91	0.17
Jul-18	83.03	83.66	82.55	83.36	0.17
Oct-18	77.63	77.63	77.63	77.63	0.60
Dec-18	75.26	75.90	75.26	75.86	0.53
Mar-19	75.30	75.69	75.30	75.67	0.36

Pakistan Cotton Spot rates: As on 24-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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