

Domestic Fundamentals:

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

In The News: So far, about half of the crop, nearly 165 lakh bales, has already arrived in the market. The exports have crossed over 22 lakh bales. Going forward, the quality issues may crop up and prices may firm-up further. However, all eyes are on the upcoming Budget anticipating some boost for the textiles sector, which can push up the cotton demand.

With steady arrivals, kapas prices at Gujarat markets hovered around Rs 1,030 -1,050 per 20 kg or Rs 5,150-5,250 per quintal. The prices corrected marginally from the peak of Rs 5,500 on increased arrivals. In other markets of Telangana, Karnataka and Maharashtra, the prices are hovering between Rs 4,800 and Rs 5,200. Ginned cotton prices hovered at Rs 41,800 per candy of 356 kg, which is about Rs 700 lower than what was seen a month ago.

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 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:

According to USDA the total spot transactions for the season were 1,260,255 bales compared to 1,067,357 bales the corresponding week a year ago. The ICE March settlement prices ended the week at 81.88 cents, compared to 82.63 cents last week.

World cotton production is expected to increase to 121 million bales in 2017-2018, compared to 106.6 million bales in 2016-2017 and 96.2 million bales in 2015-2016, according to USDA.

Bangladesh MY 2017/18 raw cotton production is projected at 135,000 bales based upon favorable weather and expansion of American Upland cotton planted area. Imports are projected to rise by 7 million bales due to strong demand in diversified garment products with non-traditional business partners such as China, Japan, Russia and India

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.

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	979.5	965	974	7267	1186	8975	85

Spread	Cont (C1)			
Spot	-50.5		-	-
	-		-	-

Updated at 05:00 pm as on 27-Jan-2018

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-18	70	20320	20480	20320	20380	2815	592	1592	-309
Feb-18	80	20620	20740	20540	20610	4649	1353	8946	67

Spread	Jan 18	Feb 18	-	-	--	--
Spot				-	-	-
Jan-18	-260			-	-	-

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

* Updated at 05:00 pm as on 27-Jan 2018

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	27-Jan-18	25-Jan-18	
Gujarat	Ahmedabad	Shankar-6	5200	5250	-50
	Gondal	Shankar-6	5225	5210	15
	Rajkot	B.T. Cotton	5150	Closed	-
	Patan	B.T. Cotton	5205	Closed	-
	Kadi	B.T. Cotton	5200	5300	-100
	Deesa	B.T. Cotton	5000	5075	-75
	Dhrol	B.T. Cotton	NR	5140	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5350	5450	-100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5140	5180	-40
	Fatehabad	B.T. Cotton	5200	5260	-60
	Jind	B.T. Cotton	5600	NA	-
	Uchana	B.T. Cotton	5280	NA	-
	Dabwali	B.T. Cotton	5160	5380	-220
Rajasthan	Hanumangarh	B.T. Cotton	5300	5400	-100
	Rawatsar	B.T. Cotton	5150	5250	-100
Madhya Pradesh	Khandwa	Mech-1	Closed	4900	-
	Khargaon	Mech-1	Closed	NR	-
Maharashtra	Amravati	Mech-1	5000	5100	-100
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4700	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	5509	5579	-70
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5225	5200	25
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	27-Jan-18	25-Jan-18	
Punjab	Bhatinda	J-34	4270	4325	-55
	Abohar	J-34	4280	4315	-35
	Mansa	J-34	4250	4300	-50
	Muktsar	J-34	NR	NR	-

	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4250	4300	-50
Rajasthan	Sri-Ganganagar	J-34	4089	4089	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	27-Jan-18	25-Jan-18	
Gujarat	Ahmedabad	Shankar-6	68000	68000	Unch
	Gondal	Shankar-6	3271	3737	-466
	Rajkot	B.T. Cotton	8000	Closed	-
	Patan	B.T. Cotton	7235	Closed	-
	Kadi	B.T. Cotton	40000	55000	-15000
	Deesa	B.T. Cotton	300	650	-350
	Dhrol	B.T. Cotton	NR	433	-
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	6800	6800	Unch
	Fatehabad	B.T. Cotton	400	800	-400
	Jind	B.T. Cotton	340	NA	-
	Uchana	B.T. Cotton	7250	NA	-
	Dabwali	B.T. Cotton	1500	1000	500
Rajasthan	Hanumangarh	B.T. Cotton	300	200	100
	Rawatsar	B.T. Cotton	1000	1000	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	600	-
	Khargaon	Mech-1	Closed	NR	-
Maharashtra	Amravati	Mech-1	17000	17000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	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	3506	2808	698
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	1747	1252	495
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	27-Jan-18	25-Jan-18	
Punjab	Bhatinda	J-34	5100	6800	-1700

	Abohar	J-34	510	1360	-850
	Mansa	J-34	510	680	-170
Haryana	Sirsa	J-34	340	510	-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
				25-Jan-18	24-Jan-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	41900	41900	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	42500	42500	Unch
J-34(202)	26mm	3.5 - 4.9	23	40600	40600	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40300	40300	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	41800	41800	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43000	43000	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43900	43900	Unch
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
		27-Jan-18	25-Jan-18	
Rajkot	Rs. /10 Kg.	687	680	7
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
		27-Jan-18	25-Jan-18	
Mahesana (Kadi)	Rs./Qtl	1675	1679	-4
Akola	Rs./Qtl	1712	1717	-5

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 26-January-2018

Index	RMB/Ton	Change
CCIndex(328)	15709	6
CCIndex(527)	14687	5
CCIndex(229)	16234	5

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 26-January-2018

Cotlook Indices	Cents/Pound	Change
A-Index	92.40	-0.45

USDA Cotton Spot Rates: As on 26-January-2018

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	80.98	83.23	NIL
North Delta	79.48	81.23	NIL
South Delta	79.48	81.23	NIL
East TX-OK	77.25	79.00	4376
West Texas	76.00	78.00	6162
Desert SW	75.73	79.73	259
SJ Valley	76.48	85.38	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 26-January-2018

Contract	Open	High	Low	Close	Change
Mar-18	81.86	81.98	80.32	80.48	-1.40
May-18	82.54	82.63	81.05	81.22	-1.36
Jul-18	83.09	83.09	81.49	81.72	-1.34
Oct-18	76.60	76.60	76.60	76.60	-1.02
Dec-18	76.00	76.15	75.20	75.51	-0.50
Mar-19	75.96	75.96	75.40	75.67	-0.38

Pakistan Cotton Spot rates: As on 26-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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