

### Domestic Fundamentals:

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

**In The News:** Maharashtra is one of the top producers of cotton has lowered its estimate of production in 2017-18 to 6.0 mln bales from 9.5mln bales projected in the first advanced estimate due to sharp fall in yields. 2016-17 4<sup>th</sup> advance estimates 10.6 mln bales.

Technically Cotton market is under fresh buying as market has witnessed gain in open interest by 13.51% to settled at 8946 while prices up 80 rupees.

Market arrivals of cotton in the first three months of current cotton season are higher by around 43% compared to the same period a year ago.

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 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 prices fell for the fourth straight session Monday, with traders concerned about higher-than-expected U.S. supply. Cotton for March delivery fell 2.6% to 78.36 cents a pound on the ICE Futures U.S. exchange. Prices had threatened 85 cents earlier in the month with mills and traders covering short positions, but have fallen recently amid oversupply concerns.

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.

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)	13	966	984.5	963	982	5952	1985	8843	432

Spread	Cont (C1)		
Spot	-61.5	-	-
	-	-	-

Updated at 05:00 pm as on 30-Jan-2018

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-18	30	19850	20080	19780	19930	768	-434	1181	-310
Feb-18	70	20110	20390	20060	20240	3499	581	9407	-63

Spread	Jan 18	Feb 18	-	-	--	--
Spot				-	-	-
Jan-18	-310			-	-	-

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

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

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	30-Jan-18	29-Jan-18	
Gujarat	Ahmedabad	Shankar-6	5125	5200	-75
	Gondal	Shankar-6	5050	5125	-75
	Rajkot	B.T. Cotton	5105	5175	-70
	Patan	B.T. Cotton	5165	5195	-30
	Kadi	B.T. Cotton	5100	5200	-100
	Deesa	B.T. Cotton	4900	5100	-200
	Dhrol	B.T. Cotton	5050	5140	-90
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5250	5250	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5120	5150	-30
	Fatehabad	B.T. Cotton	5200	5215	-15
	Jind	B.T. Cotton	5300	5350	-50
	Uchana	B.T. Cotton	5210	5200	10
	Dabwali	B.T. Cotton	5075	5155	-80
Rajasthan	Hanumangarh	B.T. Cotton	5250	5300	-50
	Rawatsar	B.T. Cotton	5100	5150	-50
Madhya Pradesh	Khandwa	Mech-1	4900	5000	-100
	Khargaon	Mech-1	NR	NR	-
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	4580	4650	-70
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	4959	4581	378
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	4320	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	5539	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5100	5250	-150
Commodity	Lint		Prices (Rs./Mound)		Change
State	Centre	Variety	30-Jan-18	29-Jan-18	
Punjab	Bhatinda	J-34	4180	4255	-75
	Abohar	J-34	4230	4245	-15
	Mansa	J-34	4100	4225	-125

	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4160	4230	-70
Rajasthan	Sri-Ganganagar	J-34	4160	4183	-24

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	30-Jan-18	29-Jan-18	
Gujarat	Ahmedabad	Shankar-6	42500	68000	-25500
	Gondal	Shankar-6	3606	3786	-180
	Rajkot	B.T. Cotton	5600	6600	-1000
	Patan	B.T. Cotton	9110	7997	1113
	Kadi	B.T. Cotton	35000	25000	10000
	Deesa	B.T. Cotton	500	500	Unch
	Dhrol	B.T. Cotton	573	535	38
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	800	500	300
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6800	5100	1700
	Fatehabad	B.T. Cotton	500	250	250
	Jind	B.T. Cotton	255	153	102
	Uchana	B.T. Cotton	400	380	20
	Dabwali	B.T. Cotton	525	450	75
Rajasthan	Hanumangarh	B.T. Cotton	3000	2500	500
	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	19000	-3000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	13417	NA	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	439	118	321
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	40	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	855	1642	-787
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	30-Jan-18	29-Jan-18	

<b>Punjab</b>	Bhatinda	J-34	6800	5100	<b>1700</b>
	Abohar	J-34	510	680	<b>-170</b>
	Mansa	J-34	680	425	<b>255</b>
<b>Haryana</b>	Sirsa	J-34	510	510	<b>Unch</b>
<b>Rajasthan</b>	Sri-Ganganagar	J-34	1000	500	<b>500</b>

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				29-Jan-18	27-Jan-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40700	41100	<b>-400</b>
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41300	41700	<b>-400</b>
J-34(202)	26mm	3.5 - 4.9	23	39600	40100	<b>-500</b>
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39500	39800	<b>-300</b>
Shankar-6(105)	29mm	3.5 - 4.9	28	40800	41300	<b>-500</b>
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42100	42500	<b>-400</b>
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43000	43400	<b>-400</b>
DCH-32(107)	34mm	3.0 - 3.8	33	56700	56700	<b>Unch</b>

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

Centre	Unit	Price		Change
		30-Jan-18	29-Jan-18	
Rajkot	Rs. /10 Kg.	690	690	<b>Unch</b>
New Delhi	Rs. /10 Kg.	695	695	<b>Unch</b>
Hyderabad	Rs. /10 Kg.	NR	NR	<b>-</b>
Mumbai	Rs. /10 Kg.	710	710	<b>Unch</b>

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

Centre	Unit	Price		Change
		30-Jan-18	29-Jan-18	
Mahesana (Kadi)	Rs./Qtl	1669	1669	<b>Unch</b>
Akola	Rs./Qtl	1696	1701	<b>-5</b>

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 30-January-2018**

Index	RMB/Ton	Change
CCIndex(328)	15715	<b>-1</b>
CCIndex(527)	14691	<b>-1</b>

CCIndex(229)	16243	6
RMB -Renminbi, 1RMB =0.16 \$U.S.		

**China Foreign Cotton (FCE) Index : As on 30-January-2018**

Index	Cents/lb	Change
FC Index (S)	92.46	-1.43
FC Index (M)	88.98	-1.23
FC Index (L)	86.91	-1.33

**Cotlook Index: As on 29-January-2018**

Cotlook Indices	Cents/Pound	Change
A-Index	90.90	-1.50

**USDA Cotton Spot Rates: As on 29-January-2018**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	78.86	81.11	NIL
North Delta	77.36	79.11	NIL
South Delta	77.36	79.11	NIL
East TX-OK	75.25	77.00	3573
West Texas	74.00	76.00	2484
Desert SW	73.61	77.61	730
SJ Valley	74.36	83.26	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 29-January-2018**

Contract	Open	High	Low	Close	Change
Mar-18	80.52	80.62	78.15	78.36	-2.12
May-18	81.24	81.32	78.90	79.19	-2.03
Jul-18	81.75	81.75	79.50	79.79	-1.93
Oct-18	75.27	75.27	75.18	75.18	-1.42
Dec-18	75.32	75.55	74.51	74.91	-0.60
Mar-19	75.48	75.55	74.88	75.21	-0.46

**Pakistan Cotton Spot rates: As on 29-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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