

Domestic Fundamentals:

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

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 4th 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.

| Contract | +/- | Open | High | Low | Close | Volume | Change | OI | Change |
|------------|-----|------|------|-------|-------|--------|--------|------|--------|
| Cont. (C1) | -12 | 983 | 990 | 972.5 | 973 | 5238 | -714 | 8411 | -432 |

| Spread | Cont (C1) | | |
|--------|-----------|---|---|
| Spot | -31 | - | - |
| | - | - | - |

Updated at 05:00 pm as on 31-Jan-2018

| Contract | +/- | Open | High | Low | Close | Volume | Change | OI | Change |
|----------|------|-------|-------|-------|-------|--------|--------|------|--------|
| Jan-18 | -220 | 19820 | 19870 | 19490 | 19600 | 515 | -253 | 1108 | -73 |
| Feb-18 | -150 | 20100 | 20170 | 19950 | 19960 | 2654 | -845 | 9602 | 195 |

| Spread | Jan 18 | Feb 18 | - | - | -- | -- |
|--------|--------|--------|---|---|----|----|
| Spot | | | | - | - | - |
| Jan-18 | -300 | | | - | - | - |

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

* Updated at 05:00 pm as on 31-Jan 2018

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

| Commodity | Kapas | | Prices (Rs./Quintal) | | Change |
|----------------|---------------|---------------|----------------------|-----------|--------|
| State | Centre | Variety | 31-Jan-18 | 30-Jan-18 | |
| Gujarat | Ahmedabad | Shankar-6 | 5125 | 5125 | Unch |
| | Gondal | Shankar-6 | 5050 | 5050 | Unch |
| | Rajkot | B.T. Cotton | 5105 | 5105 | Unch |
| | Patan | B.T. Cotton | 5095 | 5165 | -70 |
| | Kadi | B.T. Cotton | 5100 | 5100 | Unch |
| | Deesa | B.T. Cotton | Closed | 4900 | - |
| | Dhrol | B.T. Cotton | NR | 5050 | - |
| Punjab | Fazilika | B.T. Cotton | NR | NR | - |
| | Muktsar | B.T. Cotton | NR | NR | - |
| Haryana | Bhiwani | B.T. Cotton | 5200 | 5250 | -50 |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 5150 | 5120 | 30 |
| | Fatehabad | B.T. Cotton | 5250 | 5200 | 50 |
| | Jind | B.T. Cotton | 5346 | 5300 | 46 |
| | Uchana | B.T. Cotton | 5198 | 5210 | -12 |
| | Dabwali | B.T. Cotton | 5090 | 5075 | 15 |
| Rajasthan | Hanumangarh | B.T. Cotton | 5250 | 5250 | Unch |
| | Rawatsar | B.T. Cotton | 5150 | 5100 | 50 |
| Madhya Pradesh | Khandwa | Mech-1 | 4800 | 4900 | -100 |
| | Khargaon | Mech-1 | NR | NR | - |
| Maharashtra | Amravati | Mech-1 | 5050 | 5000 | 50 |
| | Jamner | Medium Staple | NA | NA | - |
| Uttar Pradesh | Hathras | B.T. Cotton | NA | NA | - |
| | Hathras | Desi | NA | NA | - |
| Telangana | Adilabad | Un-Ginned | NA | 4580 | - |
| Andhra Pradesh | Guntur | Un-Ginned | NA | NA | - |
| | Kurnool | Un-Ginned | 5005 | 4959 | 46 |
| | Krishna | Un-Ginned | NA | NA | - |
| | East Godavari | Un-Ginned | 4320 | NA | - |
| Karnataka | Bijapur | Bunny | 5309 | 5309 | Unch |
| | Hubli | D.C.H. | NA | 5600 | - |
| | Hubli | B.T. Cotton | NA | NA | - |
| | Raichur | H-44 Cotton | NA | 5100 | - |
| Commodity | Lint | | Prices (Rs./Maund) | | Change |
| State | Centre | Variety | 31-Jan-18 | 30-Jan-18 | |
| Punjab | Bhatinda | J-34 | 4180 | 4180 | Unch |
| | Abohar | J-34 | 4185 | 4230 | -45 |
| | Mansa | J-34 | 4100 | 4100 | Unch |

| | | | | | |
|------------------|----------------|------|------|------|------|
| | Muktsar | J-34 | NR | NR | - |
| | Fazilika | J-34 | NR | NR | - |
| Haryana | Sirsa | J-34 | 4160 | 4160 | Unch |
| Rajasthan | Sri-Ganganagar | J-34 | 3901 | 4160 | -259 |

Cotton Arrivals in Key Centers:

| Commodity | Kapas | | Arrivals (Quintal) | | Change |
|----------------|---------------|---------------|--------------------|-----------|--------|
| State | Centre | Variety | 31-Jan-18 | 30-Jan-18 | |
| Gujarat | Ahmedabad | Shankar-6 | 42500 | 42500 | Unch |
| | Gondal | Shankar-6 | 3360 | 3606 | -246 |
| | Rajkot | B.T. Cotton | 6200 | 5600 | 600 |
| | Patan | B.T. Cotton | 6253 | 9110 | -2857 |
| | Kadi | B.T. Cotton | 20000 | 35000 | -15000 |
| | Deesa | B.T. Cotton | Closed | 500 | - |
| | Dhrol | B.T. Cotton | NR | 573 | - |
| Punjab | Fazilika | B.T. Cotton | NR | NR | - |
| | Muktsar | B.T. Cotton | NR | NR | - |
| Haryana | Bhiwani | B.T. Cotton | 1000 | 800 | 200 |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 6800 | 6800 | Unch |
| | Fatehabad | B.T. Cotton | 400 | 500 | -100 |
| | Jind | B.T. Cotton | 340 | 255 | 85 |
| | Uchana | B.T. Cotton | 720 | 400 | 320 |
| | Dabwali | B.T. Cotton | 350 | 525 | -175 |
| Rajasthan | Hanumangarh | B.T. Cotton | 1500 | 3000 | -1500 |
| | Rawatsar | B.T. Cotton | 1200 | 1000 | 200 |
| Madhya Pradesh | Khandwa | Mech-1 | 400 | 400 | Unch |
| | Khargaon | Mech-1 | NR | NR | - |
| Maharashtra | Amravati | Mech-1 | 16000 | 16000 | Unch |
| | Jamner | Medium Staple | NA | NA | - |
| Uttar Pradesh | Hathras | B.T. Cotton | NA | NA | - |
| | Hathras | Desi | NA | NA | - |
| Telangana | Adilabad | Un-Ginned | NA | 13417 | - |
| Andhra Pradesh | Guntur | Un-Ginned | NA | NA | - |
| | Kurnool | Un-Ginned | 197 | 439 | -242 |
| | Krishna | Un-Ginned | NA | NA | - |
| | East Godavari | Un-Ginned | NA | NA | - |
| Karnataka | Bijapur | Bunny | 3056 | 3296 | -240 |
| | Hubli | D.C.H. | NA | 12 | - |
| | Hubli | B.T. Cotton | NA | NA | - |
| | Raichur | H-44 Cotton | NA | 855 | - |
| Commodity | Lint | | Arrivals (Quintal) | | Change |
| State | Centre | Variety | 31-Jan-18 | 30-Jan-18 | |

| | | | | | |
|------------------|----------------|------|------|------|-------------|
| Punjab | Bhatinda | J-34 | 5950 | 6800 | -850 |
| | Abohar | J-34 | 850 | 510 | 340 |
| | Mansa | J-34 | 680 | 680 | Unch |
| Haryana | Sirsa | J-34 | 680 | 510 | 170 |
| Rajasthan | Sri-Ganganagar | J-34 | 500 | 1000 | -500 |

Cotton Association of India Spot Rates:

| Trade Name | Staple | Micronaire | Strength/ GPT | Rs. Per Candy | Rs. Per Candy | Change |
|---------------------------------------|------------|------------|------------------|---------------|---------------|-------------|
| | | | | 30-Jan-18 | 29-Jan-18 | |
| Bengal Deshi (RG)/Assam Comilla (101) | Below 22mm | 5.0 - 7.0 | 15 | 40400 | 40700 | -300 |
| Bengal Deshi (SG)(201) | Below 22mm | 5.0 - 7.0 | 15 | 40900 | 41300 | -400 |
| J-34(202) | 26mm | 3.5 - 4.9 | 23 | 39000 | 39600 | -600 |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 39200 | 39500 | -300 |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 40500 | 40800 | -300 |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 41800 | 42100 | -300 |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | 42700 | 43000 | -300 |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 56000 | 56700 | -700 |

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

| Centre | Unit | Price | | Change |
|-----------|-------------|-----------|-----------|-------------|
| | | 31-Jan-18 | 30-Jan-18 | |
| Rajkot | Rs. /10 Kg. | 685 | 690 | -5 |
| New Delhi | Rs. /10 Kg. | 695 | 695 | Unch |
| Hyderabad | Rs. /10 Kg. | NR | NR | - |
| Mumbai | Rs. /10 Kg. | 712 | 710 | 2 |

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

| Centre | Unit | Price | | Change |
|-----------------|---------|-----------|-----------|-----------|
| | | 31-Jan-18 | 30-Jan-18 | |
| Mahesana (Kadi) | Rs./Qtl | 1695 | 1669 | 26 |
| Akola | Rs./Qtl | 1728 | 1696 | 32 |

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 31-January-2018

| Index | RMB/Ton | Change |
|--------------|---------|-------------|
| CCIndex(328) | 15715 | Unch |
| CCIndex(527) | 14698 | 7 |

| | | |
|----------------------------------|-------|---|
| CCIndex(229) | 16246 | 3 |
| RMB -Renminbi, 1RMB =0.16 \$U.S. | | |

China Foreign Cotton (FCE) Index : As on 31-January-2018

| Index | Cents/lb | Change |
|--------------|----------|--------|
| FC Index (S) | 91.25 | -1.21 |
| FC Index (M) | 87.80 | -1.18 |
| FC Index (L) | 85.76 | -1.15 |

Cotlook Index: As on 30-January-2018

| Cotlook Indices | Cents/Pound | Change |
|-----------------|-------------|--------|
| A-Index | 88.85 | -2.05 |

USDA Cotton Spot Rates: As on 30-January-2018

| Growth Area | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|---------------------|---------------------|----------|
| | cents/lb. | | Bales |
| Southeast | 77.53 | 79.78 | 467 |
| North Delta | 76.03 | 77.78 | 48 |
| South Delta | 76.03 | 77.78 | NIL |
| East TX-OK | 74.00 | 75.75 | 2470 |
| West Texas | 72.75 | 74.75 | 1097 |
| Desert SW | 72.28 | 76.28 | 509 |
| SJ Valley | 73.03 | 81.93 | 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 30-January-2018

| Contract | Open | High | Low | Close | Change |
|----------|-------|-------|-------|-------|--------|
| Mar-18 | 78.36 | 78.93 | 76.96 | 77.03 | -1.33 |
| May-18 | 79.20 | 79.80 | 77.92 | 77.97 | -1.22 |
| Jul-18 | 79.89 | 80.37 | 78.61 | 78.67 | -1.12 |
| Oct-18 | 74.51 | 74.51 | 74.51 | 74.51 | -0.67 |
| Dec-18 | 74.72 | 75.20 | 74.10 | 74.15 | -0.76 |
| Mar-19 | 75.25 | 75.28 | 74.46 | 74.46 | -0.75 |

Pakistan Cotton Spot rates: As on 30-January-2018

(in Pakistan Rupees)

| Product | Rate for | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
|------------|-----------|--------------|------------------|-------------------|
| Cotton | 37.32 Kgs | 7400 | 145 | 7545 |
| Equivalent | 40 Kgs | 7931 | 155 | 8086 |

Disclaimer

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