

Domestic Fundamentals:

Market Outlook: Cotton spot market prices were noticed firm on Friday.

In The News: The government today increased import duties on certain crude and refined vegetable oils like cotton seed oil, olive oil and groundnut oil, to 30-35 per cent to check shipments. Import duty on crude edible vegetable oils like groundnut oil, olive oil, cotton seed oil, safflower seed oil, saffola oil, coconut oil, palm kernel/babassu oil, linseed oil, maize corn oil, castor oil, sesame oil, other fixed vegetable fats and oils has been raised from 12.5 per cent to 30 per cent.

Cotton yield in Gujarat may take a 15% hit this year due to the pink bollworm pest attack. The average per hectare yield of cotton in the state is estimated to fall from 510-520kg a hectare to 480kg a hectare.

Cotton acreage in Gujarat increased to 26.42 lakh hectares in the kharif season of 2017-18 from 24.04 lakh hectares in the previous season.

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.

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 demand for better grades of cotton kept market sentiments compact while better grades of cotton fetched premium price during trading session at leading stations of lint market in Punjab and Sindh Buyers purchased better grades of cotton above Rs 7,750 per maund and deals for second grade of lint changed hands above Rs 7,525 per maund during trading session.

More than 1000 growers planted 452,000 hectares of cotton across Australia's cotton growing regions this season. With more than 95 per cent of the crop planted to Monsanto's Bollgard 3 varieties.

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.

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)	-1.5	985	987	979.5	982.5	2947	-587	8244	-196

Spread	Cont (C1)		
Spot	-30	-	-
	-	-	-

Updated at 05:00 pm as on 02-Feb-2018

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-18	10	20340	20450	20280	20310	1930	759	9381	-358
Mar-18	20	20560	20670	20530	20550	431	91	1475	162

Spread	Feb 18	Mar 18	-	-	--	--
Spot				-	-	-
Feb-18	-220			-	-	-

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

* Updated at 05:00 pm as on 02-Feb 2018

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	2-Feb-18	1-Feb-18	
Gujarat	Ahmedabad	Shankar-6	5200	5150	50
	Gondal	Shankar-6	5100	5065	35
	Rajkot	B.T. Cotton	5140	5095	45
	Patan	B.T. Cotton	5195	5190	5
	Kadi	B.T. Cotton	5200	5250	-50
	Deesa	B.T. Cotton	NA	4850	-
	Dhrol	B.T. Cotton	5100	5055	45
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muksar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5400	5250	150
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5310	5220	90
	Fatehabad	B.T. Cotton	5350	5300	50
	Jind	B.T. Cotton	5450	5370	80
	Uchana	B.T. Cotton	5275	5265	10
	Dabwali	B.T. Cotton	5200	5150	50
Rajasthan	Hanumangarh	B.T. Cotton	5350	5250	100
	Rawatsar	B.T. Cotton	5400	5300	100
Madhya Pradesh	Khandwa	Mech-1	4850	4800	50
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	4800	5050	-250
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	4510	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	4320	-
Karnataka	Bijapur	Bunny	5339	5757	-418
	Hubli	D.C.H.	5219	4235	984
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5150	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	2-Feb-18	1-Feb-18	
Punjab	Bhatinda	J-34	4270	4200	70
	Abohar	J-34	4280	4200	80
	Mansa	J-34	4200	4120	80
	Muksar	J-34	NR	NR	-

	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4250	4200	50
Rajasthan	Sri-Ganganagar	J-34	3901	3920	-19

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	2-Feb-18	1-Feb-18	
Gujarat	Ahmedabad	Shankar-6	42500	42500	Unch
	Gondal	Shankar-6	2859	2899	-40
	Rajkot	B.T. Cotton	5300	5100	200
	Patan	B.T. Cotton	4313	6660	-2347
	Kadi	B.T. Cotton	15000	15000	Unch
	Deesa	B.T. Cotton	NA	750	-
	Dhrol	B.T. Cotton	431	456	-25
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	5100	1700	3400
	Fatehabad	B.T. Cotton	350	300	50
	Jind	B.T. Cotton	213	170	43
	Uchana	B.T. Cotton	1265	465	800
	Dabwali	B.T. Cotton	325	550	-225
Rajasthan	Hanumangarh	B.T. Cotton	1200	1000	200
	Rawatsar	B.T. Cotton	200	400	-200
Madhya Pradesh	Khandwa	Mech-1	250	350	-100
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	22000	14000	8000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	7823	-
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	2764	2759	5
	Hubli	D.C.H.	70	2	68
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	638	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	2-Feb-18	1-Feb-18	
Punjab	Bhatinda	J-34	5950	5950	Unch

	Abohar	J-34	850	850	Unch
	Mansa	J-34	850	850	Unch
Haryana	Sirsa	J-34	680	680	Unch
Rajasthan	Sri-Ganganagar	J-34	500	350	150

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				1-Feb-18	31-Jan-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40400	40400	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40900	40900	Unch
J-34(202)	26mm	3.5 - 4.9	23	39000	39000	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38800	38800	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	40000	40000	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	41500	41500	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42400	42400	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	56000	56000	Unch

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

Centre	Unit	Price		Change
		2-Feb-18	1-Feb-18	
Rajkot	Rs. /10 Kg.	690	685	5
New Delhi	Rs. /10 Kg.	695	695	Unch
Hyderabad	Rs. /10 Kg.	NR	NR	-
Mumbai	Rs. /10 Kg.	715	712	3

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

Centre	Unit	Price		Change
		2-Feb-18	1-Feb-18	
Mahesana (Kadi)	Rs./Qtl	1702	1706	-4
Akola	Rs./Qtl	1735	1737	-2

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 2-February-2018

Index	RMB/Ton	Change
CCIndex(328)	15716	1
CCIndex(527)	14709	3
CCIndex(229)	16248	Unch

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

China Foreign Cotton (FCE) Index : As on 2-February-2018

Index	Cents/lb	Change
FC Index (S)	92.42	0.92
FC Index (M)	88.90	0.85
FC Index (L)	86.78	1.00

Cotlook Index: As on 1-February-2018

Cotlook Indices	Cents/Pound	Change
A-Index	87.85	0.25

USDA Cotton Spot Rates: As on 1-February-2018

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	78.85	81.10	416
North Delta	77.35	79.10	NIL
South Delta	77.35	79.10	NIL
East TX-OK	74.50	76.25	6099
West Texas	73.25	75.25	4935
Desert SW	73.60	77.60	158
SJ Valley	74.35	83.25	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.): Ason1-February-2018

Contract	Open	High	Low	Close	Change
Mar-18	77.30	79.93	77.16	78.35	1.07
May-18	78.33	80.82	78.30	79.45	1.09
Jul-18	79.01	81.40	78.98	80.24	1.19
Oct-18	75.76	75.76	75.76	75.76	0.90
Dec-18	74.50	75.50	74.25	75.42	0.91
Mar-19	74.74	75.72	74.50	75.72	1.03

Pakistan Cotton Spot rates: As on1-February-2018

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	7300	145	7445
Equivalent	40 Kgs	7823	155	7978

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