

Domestic Fundamentals:

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

In The News: Higher demand for better grades of cotton kept market sentiments firm while better grades of cotton getting a premium price during trading sessions at leading stations of cotton market in India.

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.

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 Pakistan Ministry of National Food Security and Research has stopped cotton import from Wagah, Torkham and Chaman borders to save domestic cotton production as the stock is lying with the ginning factories. India has been the major beneficiary of duty-free import of cotton yarn by Pakistan for the last four years which has badly hit the domestic industry and agricultural sector of the country under a planned conspiracy. There will be a huge loss of cash crop if the farmers adopted other crops. The cotton ginning industry has fiercely opposed duty-free import of Indian cotton, as it will have destructive effects on the country's economy. He revealed that more than 1.164 million bales of cotton were lying unsold in ginning factories. Another 10 to 15 percent bales are expected next month.

Vietnam imported 140,000 tons of cotton worth 244 million U.S. dollars in January, up 49.7 percent in volume and 51.1 percent in value against January 2017. Vietnam, whose yarn industry heavily depends on imported cotton, has imported increasingly bigger volumes of the material in recent years to feed its growing textile and garment production and export, noting that its biggest cotton import market is the United States, tailed by India, Australia, Brazil and Cote d'Ivoire.

Global cotton production is increasing at a faster rate. Current estimates for the season have production at 25.5 million tons and consumption at 25.4 million tons. Production increases are coming off the gains in planted area rather than yields this season. Global average yield for 2017/18 is currently being estimated at 773 kilograms per hectare, a 1% decrease from the previous season with a 12% growth in planted area. India and Pakistan, with estimated area increases of 16% and 24% respectively, encountered production losses from pink bollworm this season.

Global trade is projected at 8.2 million tons this season. Leading importers include Bangladesh and China with an estimated 19% and 16% of global share respectively. East Asia's volume of imports continues to increase and could represent approximately 36% of global share or 2.95 million tons. The USA will continue to lead all exporters in 2017/18 with 39% of the global share and 3.2 million tons. Australian exports in 2017/18 are projected to continue growing reaching 944,000 tons and accounting for 11.4% of global share. India, despite a lower than expected production is projected to export 935,000 tons.

In 2017/18, world ending stocks are estimated at 18.9 million tons, slightly higher than the 18.7 million tons for the previous season. The Cotlook A index during January 2018 averaged 91 cents per pound with a 2017/18 season to date average of 82.4 cents per pound. Competing price of polyester has risen over the course of the season and continues to increase relative to cotton, even as cotton prices have moved upward.

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.

NCDEX Kapas Futures*: (Prices in Rs/20kg)									
Contract	+/-	Open	High	Low	Close	Volume	Change	ОІ	Change
Cont. (C1)	-4	985	987	977	980	4901	1954	7914	-330
Spread		Cont (C1)						
Spot		-41							
			Update	ed at 05:00	pm as on C)3–Feb-2018			



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Contract	+/-	Open	High	Low	Close	Volume	Change	01	Change
Feb-18	-140	20340	20450	20120	20160	3869	1939	9271	-110
Mar-18	-150	20560	20670	20350	20380	998	567	1556	81
Spread	Fe	b 18	Mar 18						
Spot									
Feb-18	-2	220							
(NB: Spread Basis = Spot- Near Month Future)									
* Updated at 05:00 pm as on 03–Feb 2018									

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity		Kapas	Prices (R	s./Quintal)	Change
State	Centre	Variety	3-Feb-18	2-Feb-18	Change
	Ahmedabad	Shankar-6	5150	5200	-50
	Gondal	Shankar-6	NR	5100	-
	Rajkot	B.T. Cotton	5125	5140	-15
Gujarat	Patan	B.T. Cotton	5195	5195	Unch
	Kadi	B.T. Cotton	5200	5200	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5055	5100	-45
Dunich	Fazilika	B.T. Cotton	NR	NR	-
Punjab	Muktsar	B.T. Cotton	NR	NR	-
	Bhiwani	B.T. Cotton	5425	5400	25
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5300	5310	-10
Haryana	Fatehabad	B.T. Cotton	5350	5350	Unch
	Jind	B.T. Cotton	5400	5450	-50
	Uchana	B.T. Cotton	5275	5275	Unch
	Dabwali	B.T. Cotton	5225	5200	25
Daiaathan	Hanumangarh	B.T. Cotton	5250	5350	-100
Rajasthan	Rawatsar	B.T. Cotton	5280	5400	-120
Madhua Dradaah	Khandwa	Mech-1	Closed	4850	-
Madhya Pradesh	Khargaon	Mech-1	Closed	NR	-
Maharaahtra	Amravati	Mech-1	5000	4800	200
Maharashtra	Jamner	Medium Staple	NA	NA	-
Litter Dredech	Hathras	B.T. Cotton	NA	NA	-
Uttar Pradesh	Hathras	Desi	NA	NA	-



Telangana	Adilabad	Un-Ginned	4600	NA	-
	Guntur	Un-Ginned	NA	NA	-
Andhra Pradesh	Kurnool	Un-Ginned	NA	NA	-
Anunra Prauesn	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
	Bijapur	Bunny	5339	5339	Unch
Karnataka	Hubli	D.C.H.	NA	5219	-
Karnataka	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5160	-
Commodity	Lint		Prices (R	s./Maund)	Change
Commodity State	Lint	Variety	Prices (R 3-Feb-18	s./Maund) 2-Feb-18	Change
		1	-	-	Change 5
	Centre	Variety	3-Feb-18	2-Feb-18	
	Centre Bhatinda	Variety J-34	3-Feb-18 4275	2-Feb-18 4270	5
State	Centre Bhatinda Abohar	Variety J-34 J-34	3-Feb-18 4275 4260	2-Feb-18 4270 4280	5 -20
State	Centre Bhatinda Abohar Mansa	Variety J-34 J-34 J-34	3-Feb-18 4275 4260 4240	2-Feb-18 4270 4280 4200	5 -20 40
State	Centre Bhatinda Abohar Mansa Muktsar	Variety J-34 J-34 J-34 J-34 J-34	3-Feb-18 4275 4260 4240 NR	2-Feb-18 4270 4280 4200 NR	5 -20 40 -

Cotton Arrivals in Key Centers:

Commodity		Kapas	Arrivals	(Quintal)	Change
State	Centre	Variety	3-Feb-18	2-Feb-18	Change
	Ahmedabad	Shankar-6	59500	42500	17000
	Gondal	Shankar-6	NR	2859	-
	Rajkot	B.T. Cotton	5150	5300	-150
Gujarat	Patan	B.T. Cotton	4939	4313	626
	Kadi	B.T. Cotton	20000	15000	5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	534	431	103
Burnial	Fazilika	B.T. Cotton	NR	NR	-
Punjab	Muktsar	B.T. Cotton	NR	NR	-
	Bhiwani	B.T. Cotton	1500	1000	500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	4250	5100	-850
Haryana	Fatehabad	B.T. Cotton	450	350	100
	Jind	B.T. Cotton	170	213	-43
	Uchana	B.T. Cotton	1265	1265	Unch
	Dabwali	B.T. Cotton	400	325	75
Pajasthan	Hanumangarh	B.T. Cotton	1700	1200	500
Rajasthan	Rawatsar	B.T. Cotton	1000	200	800
Madhya Pradosh	Khandwa	Mech-1	Closed	250	-
Madhya Pradesh	Khargaon	Mech-1	Closed	NR	-
Maharashtra	Amravati	Mech-1	14000	22000	-8000



	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
ottar Pradesh	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5868	NA	-
	Guntur	Un-Ginned	NA	NA	-
Andhra Pradesh	Kurnool	Un-Ginned	NA	NA	-
Andhra Pradesh	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
	Bijapur	Bunny	2760	2764	-4
Karnataka	Hubli	D.C.H.	NA	70	-
Naillalaka	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	832	-
Commodity	Lir	it	Arrivals (Quintal)		Change
State	Centre	Variety	3-Feb-18	2-Feb-18	Change
	Bhatinda	J-34	5100	5950	-850
Punjab	Abohar	J-34	1190	850	340
	Mansa	J-34	510	850	-340
Haryana	Sirsa	J-34	510	680	-170
Rajasthan	Sri-Ganganagar	J-34	500	500	Unch

Cotton Association of India Spot Rates:								
Trada Nama	Stanla	Micronaire	Strength/	Rs. Per Candy	Rs. Per Candy	Change		
Trade Name	Staple	witcronaire	GPT	2-Feb-18	31-Jan-18	Change		
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40900	40400	500		
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41400	40900	500		
J-34(202)	26mm	3.5 - 4.9	23	39600	39000	600		
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	39200	38800	400		
Shankar-6(105)	29mm	3.5 – 4.9	28	40300	40000	300		
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	41700	41500	200		
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42500	42400	100		
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	Pri	Change		
Centre	Offic	3-Feb-18	2-Feb-18	Change	
Rajkot	Rs. /10 Kg.	690	690	Unch	
New Delhi	Rs. /10 Kg.	695	695	Unch	
Hyderabad	Rs. /10 Kg.	NR	NR	-	
Mumbai	Rs. /10 Kg.	715	715	Unch	



Cotton Seed Oil Seed Cake Prices

Cotton Seed Oil Cake Prices at Key Centers:

Centre	Unit	Pri	Chango	
Centre	Offic	3-Feb-18	2-Feb-18	Change
Mahesana (Kadi)	Rs./Qtl	1698	1702	-4
Akola	Rs./Qtl	1738	1735	3

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/Ib	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 2-February-2018					
Cotlook Indices	Cents/Pound	Change			
A-Index	89.05	1.20			

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals		
	cent	Bales			
Southeast	77.80	80.05	6		
North Delta	76.30	78.05	NIL		
South Delta	76.30	78.05	NIL		
East TX-OK	73.75	75.50	1591		
West Texas	72.50	74.50	2598		
Desert SW	72.55	76.55	51		
SJ Valley	73.30	82.20	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					



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ICE Cotton Futures (Prices in cents/lb.): Ason2-February-2018							
Contract	Open	High	Low	Close	Change		
Mar-18	78.45	78.82	77.23	77.30	-1.05		
May-18	79.50	79.89	78.46	78.61	-0.84		
Jul-18	80.24	80.64	79.22	79.46	-0.78		
Oct-18	75.89	75.89	75.89	75.89	0.13		
Dec-18	75.31	75.68	74.70	75.08	-0.34		
Mar-19	75.60	75.89	75.00	75.44	-0.28		

Pakistan Cotton S	(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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