

Domestic Fundamentals:

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

In The News: Since the introduction of Bt cotton in 2002, there has been a near doubling of cotton production in the country from 158 lakh bales in 2001-02 to 351 lakh bales in 2016-17, and increase in productivity from 308 kg/ha in 2001-02 to 568 kg/ha in 2016 17.

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.

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.

NCDEX Kapas Futures*: (Prices in Rs/20kg)									
Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Cont. (C1)	-4.5	971	974.5	967	969.5	2733	402	6970	-485

Spread	Cont (C1)		
Spot	-45.5	-	-
	-	-	-

Updated at 05:00 pm as on 06-Feb-2018

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-18	-180	19920	19950	19820	19860	1600	651	8989	-306
Mar-18	-200	20190	20190	20060	20090	597	465	1546	-4

Spread	Feb 18	Mar 18	-	-	--	--
Spot				-	-	-
Feb-18	-230			-	-	-

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

* Updated at 05:00 pm as on 06-Feb 2018

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	6-Feb-18	5-Feb-18	
Gujarat	Ahmedabad	Shankar-6	5100	5150	-50
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	NR	5180	-
	Patan	B.T. Cotton	5250	5225	25
	Kadi	B.T. Cotton	5000	5250	-250
	Deesa	B.T. Cotton	5000	4900	100
	Dhrol	B.T. Cotton	5000	NR	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5300	5300	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5220	5300	-80
	Fatehabad	B.T. Cotton	5300	5350	-50
	Jind	B.T. Cotton	5325	5312	13
	Uchana	B.T. Cotton	5300	5347	-47
	Dabwali	B.T. Cotton	5150	5215	-65
Rajasthan	Hanumangarh	B.T. Cotton	5220	5345	-125
	Rawatsar	B.T. Cotton	5150	5250	-100
Madhya Pradesh	Khandwa	Mech-1	4800	4800	Unch
	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	4750	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	5349	5359	-10
	Hubli	D.C.H.	5461	5501	-40
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5150	5150	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	6-Feb-18	5-Feb-18	
Punjab	Bhatinda	J-34	4225	4265	-40
	Abohar	J-34	4220	4270	-50
	Mansa	J-34	4200	4250	-50
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4210	4250	-40
Rajasthan	Sri-Ganganagar	J-34	4042	4014	28

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	6-Feb-18	5-Feb-18	
Gujarat	Ahmedabad	Shankar-6	42500	51000	-8500
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	NR	3000	-
	Patan	B.T. Cotton	3018	3453	-435
	Kadi	B.T. Cotton	35000	20000	15000
	Deesa	B.T. Cotton	350	125	225
	Dhrol	B.T. Cotton	385	NR	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1000	500	500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	4250	6800	-2550
	Fatehabad	B.T. Cotton	400	300	100
	Jind	B.T. Cotton	179	187	-9
	Uchana	B.T. Cotton	1115	2060	-945
	Dabwali	B.T. Cotton	250	625	-375
Rajasthan	Hanumangarh	B.T. Cotton	800	100	700
	Rawatsar	B.T. Cotton	600	1000	-400
Madhya Pradesh	Khandwa	Mech-1	600	400	200
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	16000	18000	-2000
	Jamner	Medium Staple	NA	NA	-

Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5351	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	2300	3525	-1225
	Hubli	D.C.H.	38	28	10
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	645	997	-352
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	6-Feb-18	5-Feb-18	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	680	680	Unch
	Mansa	J-34	510	680	-170
Haryana	Sirsa	J-34	510	680	-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
				5-Feb-18	3-Feb-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40900	40900	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41400	41400	Unch
J-34(202)	26mm	3.5 - 4.9	23	39600	39600	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39200	39200	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	40300	40300	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	41700	41700	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42500	42500	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
		6-Feb-18	5-Feb-18	
Rajkot	Rs. /10 Kg.	695	690	5
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	Price		Change
		6-Feb-18	5-Feb-18	
Mahesana (Kadi)	Rs./Qtl	1667	1681	-14
Akola	Rs./Qtl	1709	1473	236

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 6-February-2018

Index	RMB/Ton	Change
CCIndex(328)	15700	-16
CCIndex(527)	14709	Unch
CCIndex(229)	16242	-5

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

China Foreign Cotton (FCE) Index : As on 6-February-2018

Index	Cents/lb	Change
FC Index (S)	91.33	-0.19
FC Index (M)	87.80	-0.25
FC Index (L)	85.53	-0.25

Cotlook Index: As on 5-February-2018

Cotlook Indices	Cents/Pound	Change
A-Index	88.10	-0.95

USDA Cotton Spot Rates: As on 5-February-2018

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	77.07	79.32	NIL
North Delta	75.57	77.32	NIL
South Delta	75.57	77.32	NIL
East TX-OK	73.25	75.00	3624
West Texas	72.00	74.00	2096
Desert SW	71.82	75.82	82
SJ Valley	72.57	81.47	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.): As on 5-February-2018

Contract	Open	High	Low	Close	Change
18-Mar	77.36	77.91	76.45	76.57	-0.73
18-May	78.55	79.2	77.86	77.9	-0.71
18-Jul	79.50	79.95	78.8	78.84	-0.62
18-Oct	75.67	75.67	75.67	75.67	-0.22
18-Dec	75.11	75.41	74.47	74.75	-0.33
19-Mar	75.10	75.58	74.87	75.17	-0.27

Pakistan Cotton Spot rates: As on 3-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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