

Domestic Fundamentals:

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

In The News: Due to Mahashivratri festival most of the cotton markets were closed on Tuesday across the country. The Cotton Association of India (CAI) has, in its latest estimate, lowered the crop size by 8 lakh bales (of 170 kg each) to 367 lakh bales against the earlier estimate of 375 lakh bales. For the 2017-18 season, beginning from October 1, 2017, the CAI reduced the crop estimate to 367 lakh bales citing severe infestation of cotton with pink bollworm.

The projected Balance Sheet drawn by the CAI estimated total cotton supply for the season at 417 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 estimated 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. The carry over stock at the end of this season on 30th September 2018 is estimated to be 42 lakh bales.

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.

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.

International Fundamentals:

The Karachi Cotton Association on Monday fixed the official spot rate, or base price, for Grade 3 cotton at 7,502 rupees per maund (40 kg). Grade 3 cotton has a staple length of 1-1/16" and micronaire value between 3.8 and 4.9 NCL (no control limits), which represents fine to coarse classes of cotton varieties. In the kerb market, the key crop varieties traded in the range of 7,250 to 6,300 rupees per maund.

The 2017/18 U.S. cotton supply and demand forecasts show slightly lower exports and higher ending stocks relative to last month. Production and domestic mill use are unchanged. The export forecast is lowered 300,000 bales to 14.5 million, based on a lagging pace of shipments to date. Ending stocks are now estimated at 6.0 million bales, equivalent to 34% of total disappearance.

The 2017/18 world cotton forecasts include slightly higher production, lower consumption and higher ending stocks. World production is 400,000 bales higher than last month, as higher estimates for China, Brazil and South Africa offset lower expectations for India and Australia. Global consumption is forecast 325,000 bales lower, as decreases for India and Thailand offset an increase for Vietnam.

World ending stocks are projected 760,000 bales higher, as a 1.1-million-bale increase in China's projected ending stocks – and higher U.S. stocks – offsets declines for India, Australia, Turkmenistan, Tajikistan and Vietnam.

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.

NCDEX Kapas Futures*: (Prices in Rs/20kg)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Cont. (C1)	-5.5	989	989	976.5	978	3186	853	7156	43

Spread	Cont (C1)		
Spot	-45	-	-
	-	-	-

Updated at 05:00 pm as on 13-Feb-2018

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-18	-10	19950	19970	19940	19950	68	-1246	8263	-238
Mar-18	-20	20170	20200	20160	20170	55	-510	2571	157

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

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

* Updated at 05:00 pm as on 13-Feb 2018

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	13-Feb-18	12-Feb-18	
Gujarat	Ahmedabad	Shankar-6	Closed	5150	-
	Gondal	Shankar-6	Closed	NR	-
	Rajkot	B.T. Cotton	Closed	5170	-
	Patan	B.T. Cotton	Closed	5235	-
	Kadi	B.T. Cotton	5200	5200	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	NR	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5300	5350	-50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NR	5180	-
	Fatehabad	B.T. Cotton	5260	5240	20
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NR	5340	-
	Dabwali	B.T. Cotton	5115	5135	-20
Rajasthan	Hanumangarh	B.T. Cotton	5290	5200	90
	Rawatsar	B.T. Cotton	5100	5180	-80
Madhya Pradesh	Khandwa	Mech-1	NR	4800	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	Closed	5000	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-

Telangana	Adilabad	Un-Ginned	NA	4700	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	4895	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	5409	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5100	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	13-Feb-18	12-Feb-18	
Punjab	Bhatinda	J-34	4240	4250	-10
	Abohar	J-34	4250	4250	Unch
	Mansa	J-34	4215	4200	15
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4230	4270	-40
Rajasthan	Sri-Ganganagar	J-34	3995	3995	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	13-Feb-18	12-Feb-18	
Gujarat	Ahmedabad	Shankar-6	Closed	68000	-
	Gondal	Shankar-6	Closed	NR	-
	Rajkot	B.T. Cotton	Closed	4850	-
	Patan	B.T. Cotton	Closed	4120	-
	Kadi	B.T. Cotton	35000	40000	-5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	NR	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	800	600	200
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	NR	3400	-
	Fatehabad	B.T. Cotton	350	325	25
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NR	2040	-
	Dabwali	B.T. Cotton	225	310	-85
Rajasthan	Hanumangarh	B.T. Cotton	800	600	200
	Rawatsar	B.T. Cotton	500	500	Unch
Madhya Pradesh	Khandwa	Mech-1	NR	400	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	Closed	13000	-

	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	136	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	2894	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	480	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	13-Feb-18	12-Feb-18	
Punjab	Bhatinda	J-34	4250	3400	850
	Abohar	J-34	680	850	-170
	Mansa	J-34	340	340	Unch
Haryana	Sirsa	J-34	510	680	-170
Rajasthan	Sri-Ganganagar	J-34	800	500	300

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				12-Feb-18	10-Feb-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	41900	42400	-500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	42400	42900	-500
J-34(202)	26mm	3.5 - 4.9	23	39500	39300	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38600	38600	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	40300	40300	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42100	41900	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42800	42500	300
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
		13-Feb-18	12-Feb-18	
Rajkot	Rs. /10 Kg.	700	695	5
New Delhi	Rs. /10 Kg.	700	695	5
Hyderabad	Rs. /10 Kg.	NR	NR	-

Mumbai	Rs. /10 Kg.	712	710	2
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Cotton Seed Oil Seed Cake Prices

Cotton Seed Oil Cake Prices at Key Centers:

Centre	Unit	Price		Change
		13-Feb-18	12-Feb-18	
Mahesana (Kadi)	Rs./Qtl	1677	1681	-4
Akola	Rs./Qtl	1722	1722	Unch

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 13-February-2018

Index	RMB/Ton	Change
CCIndex(328)	15688	-3
CCIndex(527)	14698	-5
CCIndex(229)	16245	Unch
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 13-February-2018

Index	Cents/lb	Change
FC Index (S)	90.85	-0.22
FC Index (M)	87.35	-0.03
FC Index (L)	85.10	Unch

Cotlook Index: As on 12-February-2018

Cotlook Indices	Cents/Pound	Change
A-Index	87.55	0.15

USDA Cotton Spot Rates: As on 12-February-2018

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	76.95	79.20	NIL
North Delta	75.45	77.20	NIL
South Delta	75.45	77.20	NIL
East TX-OK	73.75	75.50	5848
West Texas	73.00	75.00	3916
Desert SW	71.70	75.70	700
SJ Valley	72.45	81.35	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 12-February-2018

Contract	Open	High	Low	Close	Change
18-Mar	76.68	77.47	76.10	76.45	-0.23
18-May	77.45	78.32	77.11	77.45	-0.18
18-Jul	78.41	79.22	78.09	78.44	-0.14
18-Oct	76.07	76.29	76.07	76.29	0.09
18-Dec	75.50	75.96	75.25	75.74	0.22
19-Mar	76.00	76.01	75.80	75.93	0.10

Pakistan Cotton Spot rates: As on 12-February-2018

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	7000	145	7145
Equivalent	40 Kgs	7502	155	7657

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