

Domestic Fundamentals:

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

In The News: Andhra Pradesh nearly 15 percent of its cotton acreage was planted with an unapproved variety of genetically modified seeds developed by Monsanto.

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:

According to the National Cotton Council's 37th Annual Early Season Planting Intentions Survey, U.S. cotton producers intend to plant 13.1 million cotton acres this spring, up 3.7 percent from 2017.

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.

NCDEX Kapas Futures*: (Prices in Rs/20kg)									
Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Cont. (C1)	-2.5	960	962.5	948	956	4279	-1020	7205	-71
Spread	Cont (C1)								
Spot	-57.5				-		-		
	-				-		-		
Updated at 05:00 pm as on 15-Feb-2018									

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-18	50	19790	19830	19700	19780	1432	-153	7528	-458
Mar-18	40	20030	20080	19940	20010	1057	102	3397	331

Spread	Feb 18	Mar 18	-	-	--	--
Spot						
Feb-18	-250					

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

* Updated at 05:00 pm as on 15-Feb 2018

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
	State	Centre	Variety	15-Feb-18	
Gujarat	Ahmedabad	Shankar-6	5200	5125	75
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	5105	5100	5
	Patan	B.T. Cotton	5140	5240	-100
	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	5250	5250	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5125	NR	-
	Fatehabad	B.T. Cotton	5180	5230	-50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	5220	5277	-57
	Dabwali	B.T. Cotton	5070	5140	-70
Rajasthan	Hanumangarh	B.T. Cotton	5200	5200	Unch
	Rawatsar	B.T. Cotton	4975	5080	-105
Madhya Pradesh	Khandwa	Mech-1	4800	NR	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	5000	5200	-200
	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	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5350	NA	-
	Hubli	D.C.H.	NA	5419	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5100	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	15-Feb-18	14-Feb-18	
Punjab	Bhatinda	J-34	4185	4230	-45
	Abohar	J-34	4190	4230	-40
	Mansa	J-34	4170	Closed	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4180	4220	-40
Rajasthan	Sri-Ganganagar	J-34	3948	3995	-47

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	15-Feb-18	14-Feb-18	
Gujarat	Ahmedabad	Shankar-6	59500	59500	Unch
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	5250	6400	-1150
	Patan	B.T. Cotton	4885	3682	1203
	Kadi	B.T. Cotton	55000	45000	10000
	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	600	700	-100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	2550	NR	-
	Fatehabad	B.T. Cotton	900	600	300
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	1270	3650	-2380
	Dabwali	B.T. Cotton	325	260	65
Rajasthan	Hanumangarh	B.T. Cotton	1800	2000	-200
	Rawatsar	B.T. Cotton	800	500	300
Madhya Pradesh	Khandwa	Mech-1	500	NR	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	16000	10000	6000
	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	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	4080	NA	-
	Hubli	D.C.H.	NA	14	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	1072	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	15-Feb-18	14-Feb-18	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	340	170	170
	Mansa	J-34	765	Closed	-
Haryana	Sirsa	J-34	1360	510	850
Rajasthan	Sri-Ganganagar	J-34	500	1000	-500

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				14-Feb-18	13-Feb-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	41700	41700	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	42200	42200	Unch
J-34(202)	26mm	3.5 - 4.9	23	39300	39300	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38300	38300	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	40000	40000	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42100	42100	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42800	42800	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
		15-Feb-18	14-Feb-18	
Rajkot	Rs. /10 Kg.	700	691	9
New Delhi	Rs. /10 Kg.	695	Closed	-
Hyderabad	Rs. /10 Kg.	NR	NR	-
Mumbai	Rs. /10 Kg.	712	712	Unch

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

Centre	Unit	Price		Change
		15-Feb-18	14-Feb-18	
Mahesana (Kadi)	Rs./Qtl	1630	1658	-28
Akola	Rs./Qtl	1679	1700	-21

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 14-February-2018

Index	RMB/Ton	Change
CCIndex(328)	15689	1
CCIndex(527)	14699	1
CCIndex(229)	16248	3

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

China Foreign Cotton (FCE) Index : As on 14-February-2018

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

Cotlook Index: As on 14-February-2018

Cotlook Indices	Cents/Pound	Change
A-Index	87.35	Unch

USDA Cotton Spot Rates: As on 14-February-2018

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	76.10	78.35	1965
North Delta	74.60	76.35	323
South Delta	74.60	76.35	NIL
East TX-OK	72.75	74.50	4843
West Texas	72.00	74.00	5610
Desert SW	70.85	74.85	400
SJ Valley	71.60	80.50	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.): Ason14-February-2018

Contract	Open	High	Low	Close	Change
18-Mar	76.45	76.45	75.41	75.60	-0.78
18-May	77.33	77.41	76.75	76.97	-0.43
18-Jul	78.42	78.43	77.77	78.00	-0.42
18-Oct	76.40	76.40	76.40	76.40	-0.24
18-Dec	75.88	75.90	75.25	75.64	-0.23
19-Mar	75.95	75.95	75.51	75.85	-0.22

Pakistan Cotton Spot rates: As on14-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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