

### Domestic Fundamentals:

**Market Outlook:** Cotton spot market prices were noticed Range-bound on Thursday.

**In The News:** Though India's market share in home textile imports by the US remained flat at 33% during 2017, its share (in US dollar terms) in cotton sheets increased 1% to 50% during the year. India has been consistently gaining a 1% market share in cotton sheets every year since 2012.

Infestation of pink bollworm in major cotton producing regions of the country has led to an increase in cotton prices since mid-December 2017. This coupled with a 2% reduction in cotton crop estimate for 2017-18 season (October-September) and the 6.4% y-o-y appreciation of the rupee continues to remain an overhang for the textiles sector.

The arrivals in Punjab were recorded over 7.2 million bales recording a percentage increase of 4.84 per cent. The arrivals in Sindh were recorded at 4,252,414 bales, 12.32 per cent higher as compared to corresponding period of last year.

In benchmark market of Rajkot (Gujarat), market prices are trading near Rs.5100/quintal compared to Rs.5150/quintal previous week. Last year during same period prices were trading near Rs 5800-Rs 6000/quintal.

After pink bollworm attack, the Maharashtra government has decided to promote short duration varieties of Bt cotton from the next cotton year. Because the short duration varieties get adequate soil moisture during the critical flowering and fruiting phase and escape bollworm attacks during squaring-flowering stage.

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 30<sup>th</sup> 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.

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.

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)	-10	944	946.5	934	935	3338	-731	7373	88

  

Spread	Cont (C1)		
Spot	-78.5	-	-
	-	-	-

  

Updated at 05:00 pm as on 22-Feb-2018

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-18	50	20070	20140	20040	20060	1735	-679	2474	-981
Mar-18	70	20290	20410	20290	20350	3060	612	6401	552

Spread	Feb 18	Mar 18	-	-	--	--
Spot				-	-	-
Feb-18	-270			-	-	-

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

\* Updated at 05:00 pm as on 22-Feb 2018

**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	22-Feb-18	21-Feb-18	
Gujarat	Ahmedabad	Shankar-6	5250	5200	50
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	5120	5125	-5
	Patan	B.T. Cotton	NR	5175	-
	Kadi	B.T. Cotton	5150	5200	-50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5085	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	5140	5100	40
	Fatehabad	B.T. Cotton	5180	5180	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NR	5126	-
	Dabwali	B.T. Cotton	5055	5054	1
Rajasthan	Hanumangarh	B.T. Cotton	5250	5250	Unch
	Rawatsar	B.T. Cotton	NR	5025	-
Madhya Pradesh	Khandwa	Mech-1	4700	4500	200
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	4900	NR	-
	Jamner	Medium Staple	NR	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-

Telangana	Adilabad	Un-Ginned	NR	4660	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	3809	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	5213	-
	Hubli	D.C.H.	4701	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5105	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	22-Feb-18	21-Feb-18	
Punjab	Bhatinda	J-34	4235	4210	25
	Abohar	J-34	4240	4230	10
	Mansa	J-34	4200	4200	Unch
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4225	4215	10
Rajasthan	Sri-Ganganagar	J-34	3920	3901	19

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	22-Feb-18	21-Feb-18	
Gujarat	Ahmedabad	Shankar-6	59500	51000	8500
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	3550	2850	700
	Patan	B.T. Cotton	NR	2620	-
	Kadi	B.T. Cotton	50000	35000	15000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	715	NR	-
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	6800	680	6120
	Fatehabad	B.T. Cotton	700	800	-100
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NR	NR	-
	Dabwali	B.T. Cotton	275	375	-100
Rajasthan	Hanumangarh	B.T. Cotton	2000	1800	200
	Rawatsar	B.T. Cotton	NR	100	-
Madhya Pradesh	Khandwa	Mech-1	400	300	100
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	9000	NR	-

	Jamner	Medium Staple	NR	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	9091	-
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	NA	2798	-
	Hubli	D.C.H.	80	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	1050	-
<b>Commodity</b>	<b>Lint</b>		<b>Arrivals (Quintal)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>22-Feb-18</b>	<b>21-Feb-18</b>	
Punjab	Bhatinda	J-34	5950	5950	Unch
	Abohar	J-34	680	1020	-340
	Mansa	J-34	680	1020	-340
Haryana	Sirsa	J-34	1020	510	510
Rajasthan	Sri-Ganganagar	J-34	600	500	100

### DOMESTIC PRICES AND ARRIVALS

<b>Cotton Association of India Spot Rates:</b>						
<b>Trade Name</b>	<b>Staple</b>	<b>Micronaire</b>	<b>Strength/ GPT</b>	<b>Rs. Per Candy</b>	<b>Rs. Per Candy</b>	<b>Change</b>
				<b>21-Feb-18</b>	<b>20-Feb-18</b>	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	41900	41500	400
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	42400	42000	400
J-34(202)	26mm	3.5 - 4.9	23	39100	38700	400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38200	37900	300
Shankar-6(105)	29mm	3.5 - 4.9	28	39700	39400	300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42300	42000	300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43000	42700	300
DCH-32(107)	34mm	3.0 - 3.8	33	55400	55400	Unch

### Cotton Seed Oil Prices

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

Centre	Unit	Price		Change
		22-Feb-18	21-Feb-18	
Rajkot	Rs. /10 Kg.	710	700	10

New Delhi	Rs. /10 Kg.	705	700	5
Hyderabad	Rs. /10 Kg.	NR	NR	-
Mumbai	Rs. /10 Kg.	727	727	Unch

### Cotton Seed Oil Seed Cake Prices

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

Centre	Unit	Price		Change
		22-Feb-18	21-Feb-18	
Mahesana (Kadi)	Rs./Qtl	1588	1595	-7
Akola	Rs./Qtl	1651	1666	-15

### INTERNATIONAL PRICES AND INDICES

#### China Cotton Index: As on 22-February-2018

Index	RMB/Ton	Change
CCIndex(328)	15689	Unch
CCIndex(527)	14699	Unch
CCIndex(229)	16250	2
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 21-February-2018

Cotlook Indices	Cents/Pound	Change
A-Index	88.70	1.85

#### USDA Cotton Spot Rates: As on 21-February-2018

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	79.89	82.14	47
North Delta	78.39	80.14	NIL
South Delta	78.39	80.14	NIL
East TX-OK	74.25	76.00	12025
West Texas	73.50	75.50	11208

Desert SW	75.39	79.39	<b>500</b>
SJ Valley	75.89	84.79	<b>NIL</b>
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.): Ason 21-February-2018**

Contract	Open	High	Low	Close	Change
<b>18-Mar</b>	77.50	79.10	77.45	78.91	<b>1.40</b>
<b>18-May</b>	78.57	80.52	78.57	80.39	<b>1.43</b>
<b>18-Jul</b>	79.66	81.18	79.55	81.10	<b>1.39</b>
<b>18-Oct</b>	77.94	77.94	77.94	77.94	<b>0.93</b>
<b>18-Dec</b>	75.90	76.44	75.83	76.40	<b>0.40</b>
<b>19-Mar</b>	76.17	76.60	76.15	76.60	<b>0.35</b>

**Pakistan Cotton Spot rates: As on 21-February-2018**

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
<b>Cotton</b>	<b>37.32 Kgs</b>	6900	145	7045
<b>Equivalent</b>	<b>40 Kgs</b>	7395	155	7550

**Disclaimer**

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2018 Indian Agribusiness Systems Ltd.