

Domestic Fundamentals:

Market Outlook: Cotton spot market prices were noticed weak tone on Friday across all the markets in the country.

In The News: India's textiles exports dropped by 13% year-on-year to Rs 9,704 crore in January following a sharp fall in Cotton textile exports. While Cotton textile exports fell by 1 per cent from a year earlier to Rs 53,818 crore in January, apparel exports dropped by 5% year-on-year to Rs 88,709 crore, latest data from the Confederation of Indian Textile Industry (CITI) showed.

Prices ruled steady on the domestic cotton market following increases in New York futures at midweek where traders pointed to impressive export sales and also more enquiries in hand which boosted the fundamentals. Similarly, the Indian cotton market became positive following support from the international market and a weaker rupee.

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 30th September 2018 is estimated to be 42 lakh bales.

International Fundamentals:

The Karachi Cotton Association on Wednesday fixed the official spot rate, or base price, for Grade 3 cotton at 7,395 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 7,200 rupees per maund.

In January 2018, Brazil exported 79,100 tons of cotton, earning \$130.3 million with average price of \$1,646.50 per ton.

The US department of agriculture (USDA) has lowered the country's cotton export target for 2017-18 to 14.5 million bales of 480 lb each, down 300,000 bales from the previous forecast. To meet the revised forecast, however, exports will still have to average over 350,000 bales per week.

International cotton prices are continuing to move upward. With the Cotlook index during January averaging 91 cents per pound. This compares with a 2017-18 season average of 82.4 cents per pound.

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 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.

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)	-7.5	933	936	923.5	925.5	4074	736	7164	-209
Spread	Cont (C1)								
Spot	-98.5				-		-		
	-				-		-		

Updated at 05:00 pm as on 23-Feb-2018

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-18	-120	20050	20060	19860	19910	1443	-292	1843	-631
Mar-18	-140	20360	20370	20150	20190	2404	-656	6859	458

Spread	Feb 18	Mar 18	-	-	--	--
Spot				-	-	-
Feb-18	-310			-	-	-

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

* Updated at 05:00 pm as on 23-Feb 2018

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	23-Feb-18	22-Feb-18	
Gujarat	Ahmedabad	Shankar-6	5250	5250	Unch
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	5115	5120	-5
	Patan	B.T. Cotton	NR	5185	-
	Kadi	B.T. Cotton	5150	5150	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5060	5085	-25
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5225	5250	-25
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5100	5140	-40
	Fatehabad	B.T. Cotton	5175	5180	-5
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NR	5200	-
	Dabwali	B.T. Cotton	4990	5055	-65
Rajasthan	Hanumangarh	B.T. Cotton	5100	5250	-150
	Rawatsar	B.T. Cotton	5025	NR	-
Madhya Pradesh	Khandwa	Mech-1	4600	4700	-100
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	4900	4900	Unch
	Jamner	Medium Staple	NR	NR	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-

	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4600	4660	-60
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	3809	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	5213	-
	Hubli	D.C.H.	NA	4701	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	5130	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	23-Feb-18	22-Feb-18	
Punjab	Bhatinda	J-34	4220	4235	-15
	Abohar	J-34	4190	4240	-50
	Mansa	J-34	4200	4200	Unch
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4200	4225	-25
Rajasthan	Sri-Ganganagar	J-34	3948	3920	28

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	23-Feb-18	22-Feb-18	
Gujarat	Ahmedabad	Shankar-6	56100	59500	-3400
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	4550	3550	1000
	Patan	B.T. Cotton	NR	2964	-
	Kadi	B.T. Cotton	45000	50000	-5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	666	715	-49
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1200	1000	200
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6800	6800	Unch
	Fatehabad	B.T. Cotton	800	700	100
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NR	1365	-
	Dabwali	B.T. Cotton	350	275	75
Rajasthan	Hanumangarh	B.T. Cotton	1600	2000	-400
	Rawatsar	B.T. Cotton	500	NR	-
Madhya Pradesh	Khandwa	Mech-1	400	400	Unch
	Khargaon	Mech-1	NR	NR	-

Maharashtra	Amravati	Mech-1	8000	9000	-1000
	Jamner	Medium Staple	NR	NR	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	9973	-
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.	NA	80	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	900	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	23-Feb-18	22-Feb-18	
Punjab	Bhatinda	J-34	5950	5950	Unch
	Abohar	J-34	1020	680	340
	Mansa	J-34	680	680	Unch
Haryana	Sirsa	J-34	1190	1020	170
Rajasthan	Sri-Ganganagar	J-34	700	600	100

DOMESTIC PRICES AND ARRIVALS

Cotton Association of India Spot Rates:						
Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				22-Feb-18	21-Feb-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	41900	41900	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	42400	42400	Unch
J-34(202)	26mm	3.5 - 4.9	23	39300	39100	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38200	38200	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	39900	39700	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42100	42300	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42800	43000	-200
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
		23-Feb-18	22-Feb-18	
Rajkot	Rs. /10 Kg.	715	710	5
New Delhi	Rs. /10 Kg.	710	705	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
		23-Feb-18	22-Feb-18	
Mahesana (Kadi)	Rs./Qtl	1572	1588	-16
Akola	Rs./Qtl	1616	1651	-35

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 23-February-2018

Index	RMB/Ton	Change
CCIndex(328)	15688	-1
CCIndex(527)	14696	-3
CCIndex(229)	16250	Unch
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 22-February-2018

Cotlook Indices	Cents/Pound	Change
A-Index	90.20	1.50

USDA Cotton Spot Rates: As on 22-February-2018

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	79.47	81.72	3932
North Delta	77.47	79.22	NIL
South Delta	77.47	79.22	NIL
East TX-OK	73.50	75.25	7519
West Texas	72.75	74.75	6741
Desert SW	74.47	78.47	690
SJ Valley	74.97	83.87	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.): Ason 22-February-2018

Contract	Open	High	Low	Close	Change
18-Mar	78.85	81.34	78.42	80.54	1.63
18-May	80.18	80.3	79.23	79.47	-0.92
18-Jul	80.94	81.05	80.15	80.41	-0.69
18-Oct	77.42	77.42	17-Mar	77.42	-0.52
18-Dec	76.31	76.38	15-Mar	76.36	-0.04
19-Mar	76.51	76.59	16-Mar	76.59	-0.01

Pakistan Cotton Spot rates: As on 22-February-2018

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6900	145	7045
Equivalent	40 Kgs	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.