

Domestic market summary

Domestic market Scenario: Cotton spot markets mostly noticed firm during the month. Average price of Lint at Sirsa during the month was Rs.4306 per maund (of 37.32 Kg each), compared to the previous month price of Rs 4061. Cotton fiber (Shankar-6) prices noticed weak tone this month. Average price was Rs 41000 per candy (of 355.6 kg each) during the month, which was Rs 42000 per candy previous month. Future price of cotton (at NCDEX, Continuous contract) closed lower this month at Rs.978.5 per maund (of 20 kg each) which was Rs 988.5 a month earlier.

Monthly Price Outlook : In the coming month we expect Kapas price to remain range bound to weak with the price band of Rs 4500-5000per quintal in the Rajkot market. Lint price at Sirsa is likely to be in range of Rs 4000-5000 per maund. Kapas prices at NCDEX (Continuous contract), is expected to hover in the range of Rs.820-1200 per maund (of 20 kg each).

Major Market Highlights: As State-run Cotton Corporation of India (CCI) and multinationals such as Louis Dreyfus and Glencore have stepped up purchases of the fibre crop across key growing regions in the country. 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.

India's state of Maharashtra, the country's second-biggest cotton producing state, has cut its forecast for output of the fibre by 37 percent from its September outlook as infestation by cotton bollworm reduced yields, a senior government official told Reuters. Maharashtra's output is now forecast to drop to 6 million bales of 170 kg each for the 2017-18 marketing year that started on Oct. 1. That is down from 10.7 million bales produced in the 2016-17 marketing year.

The Cotton Corporation of India (CCI) has purchased nearly 485,000 bales of cotton at minimum support price (MSP).

The Maharashtra state had sought the Centre's help for Rs 2,430 crore under the National Disaster Relief Fund (NDRF) but the Centre usually does not approve 100% of the demand. In that case, the state would not be able to compensate the farmers to the extent announced earlier. Besides, farmers who have availed of insurance and whose yield from the first two pickings is less than 70% of the normal yield, would be eligible for compensation to the extent of Rs.8000 per hectare. However, many farmers would become ineligible for this compensation based



on the yield criterion. Further, any recovery from seed companies looks difficult under the provisions of Maharashtra Cotton Seeds Act, 2009.

In order to improve transparency and accountability on part of seed companies, the Maharashtra government has decided to withdraw the facility of co-marketing of brands for BT cotton seed companies.

Indian cotton traders have cancelled contracts to export some 400,000 bales of the fibre after a rally in domestic prices and the rising rupee made overseas sales unattractive, the president of the Cotton Association of India told Reuters.

The cancellations and higher local prices could cut India's exports to 5 million bales in the 2017-18 marketing year- nearly a quarter below an initial estimate. Prices surged more than 15 percent in the past six weeks after pest infestations squeezed supplies in the domestic market.

Indian traders are estimated to have shipped 1.5 million bales of the 2.5 million bales contracted since Oct. 1. Last year India exported 5.8 million bales of cotton.

The harvest of cotton in Pakistan and northwest India is reported complete at this time. Conditions in other parts of India remain favorable for harvesting.

Twelve lakh farmers have filed complaints with the Agriculture Department against 216 private seed companies for providing sub-standard cotton seeds. The farmers said that the seeds failed to counter the pink bollworm pest and led to drop in cotton production. They have sought compensation of Rs. 6,500 crore.

Domestic Cotton Balance sheet

Particulars	Annual balance sheet		Quarterly Balance Sheet 2017-18			
Supply	2016-17*	2017-18*	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
Opening Stock	40.3	45.3	45.3	111.1	172.8	125.2
Production	337.25	364	163.8	152.9	32.8	14.6
Imports	21.7	22	1.8	2.00	3.90	14.30
Total Supply	399.25	431	211	266	209	154
Demand						
Mill	275	278	67.7	69.9	70.4	69.6
Small mill	25	25	6.2	6.4	6.4	6.3
Non Mill	9	9	2.3	2.3	2.3	2.3
Total Consumption	309	312	76	78	79	78
Exports	45	45	23.6	14.7	5.1	1.6
Total Consumption	354	357	99.8	93.2	84.2	79.8
Ending Stocks	45.3	74.3	111.1	172.8	125.2	74.2

*Annual Production, Imports and Export Figures estimated by Agriwatch, consumption figures are sourced from Cotton Association of India (CAI). **Quarterly Balance Sheet figures estimated by Agriwatch.

A: Actual, E: Estimated



Balance Sheet Highlight (2017-18):

As per the latest estimates by Agriwatch, cotton output in country during the season 2017-18 would be around 364 lakh bales (of 170 kg each) around 7.93% higher compared to production of last season.

Following higher production, cotton imports will rise marginally to 22 lakh bales compared to 21.7 lakh bales in previous season.

Due to higher opening stock and imports, cotton availability would be standing higher this season at 431 lakh bales compared to 399.25 lakh bales during the previous season.

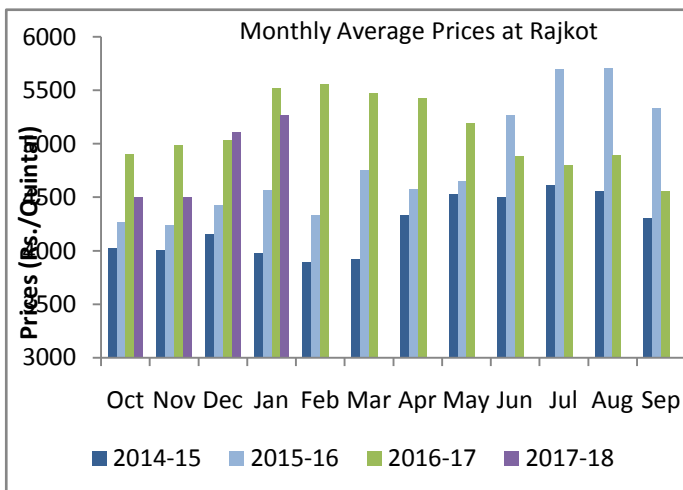
Total domestic consumption (Including mill, small mill and non-mill consumption) would be around 312 lakh bales compared to 309 lakh bales during the previous season.

Cotton exports are expected to remain constant & same as that of previous year. It is expected that country would export around 45 lakh bales of cotton in the season 2017-18.

Ending stocks are expected to be around 74.3 lakh bales, around 64% higher compared to the ending stocks of previous season.

Domestic Cotton Prices Scenario

Kapas price outlook



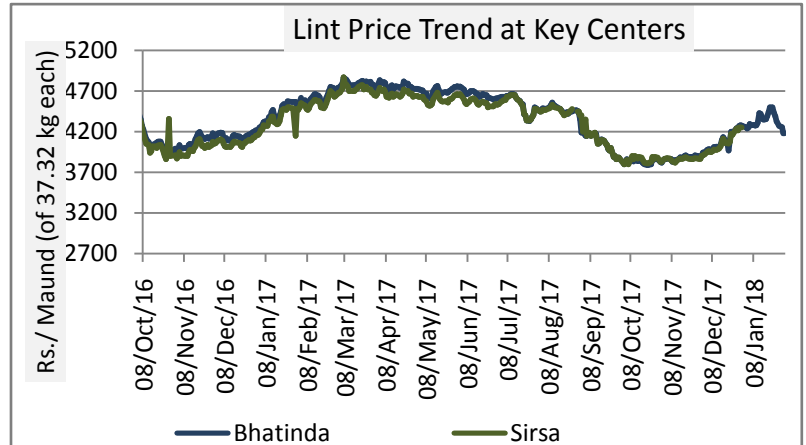
Kapas(seed cotton) prices in country noticed firm tone during the January month when compared to the previous month, and the same is ruling higher compared to the prices during the corresponding month of the previous season.

Monthly average price of Kapas at Rajkot remained Rs. 5270 per quintal during January, which was Rs.5105 during previous month and Rs. 5522 per quintal during the corresponding month last year. We expect Kapas prices to remain range –bound to firm in the coming month. The expected price range for March month is likely to be Rs 4000-6000 per quintal.

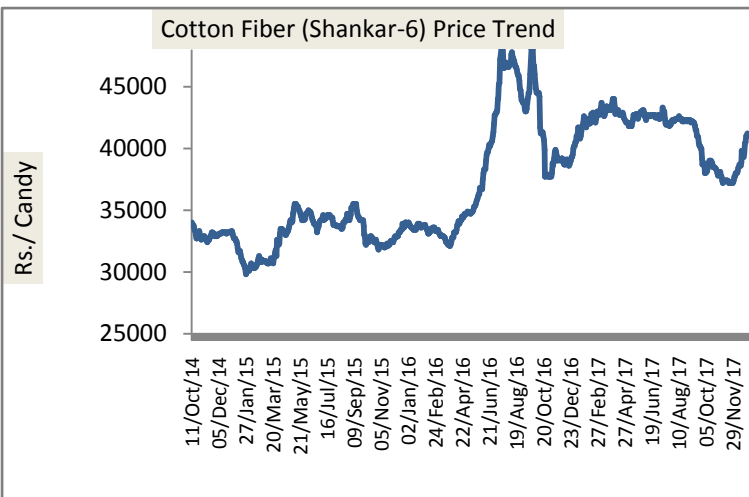


Lint price Outlook

Lint prices remained firm during the month owing to tight tone prevailing in market. Monthly average price of Lint at Sirsa remained Rs.4306 per maund of 37.32 kg each, higher compared to the previous month price of Rs. 4061 per maund.



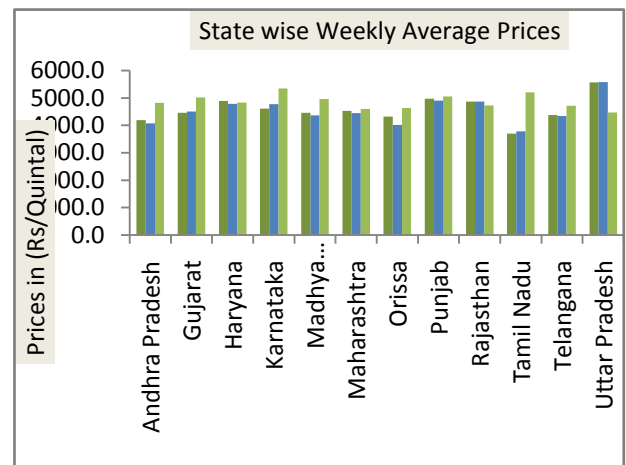
Cotton Fiber price Outlook



Cotton fiber noticed up trend in this month compared to the previous month amid good demand in domestic and international market. Monthly average price of Shankar- 6 during January was Rs. 41000 per candy, which was Rs. 39295.83 previous month and around Rs 42532 per candy during the corresponding month previous season. We expect cotton fiber to remain in range of Rs 36000 -42000per candy in the coming month candy.

State wise monthly Price Scenario

On month on month basis, prices are by and large showing firm trend in most of the States, highest price was recorded in Uttar Pradesh followed by Punjab this week and lowest was in Tamil Nadu followed by Andhra Pradesh. On year on year basis, cotton prices are reflecting downtrend in most of the States. Prices have been summarized in the table given in annexure.

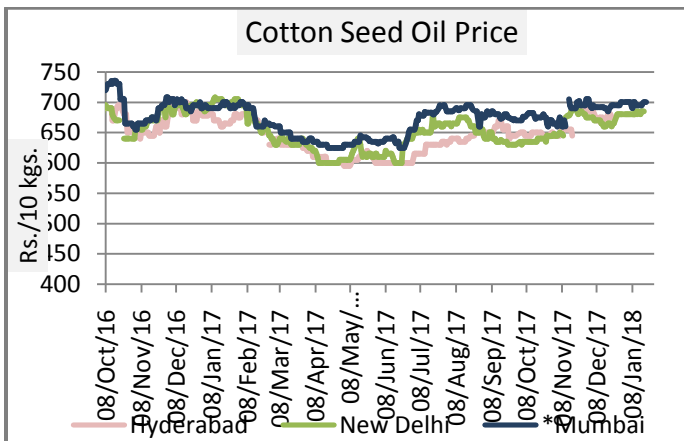




Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil monthly Price Scenario

Cotton seed oil price noticed firm tone during the month. monthly average price in New Delhi is Rs 671 per 10 Kg, higher compared to the monthly average price of Rs 660 per 10 Kg in previous week.

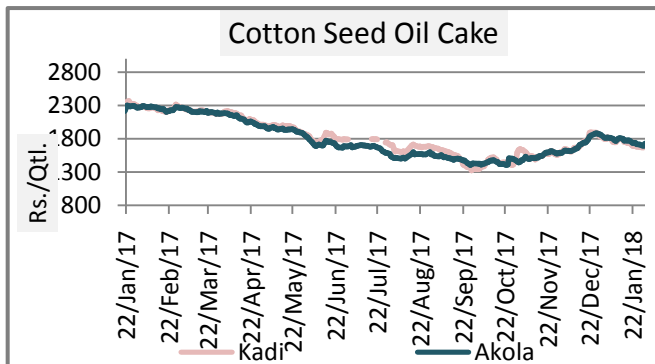


Centers	Monthly Average Price as on (Rs/10 kg.)		% Change
	Jan	Dec	
New Delhi	681	671	1.46
Rajkot	676	676	0.04
Hyderabad	-	675	-
Mumbai*	399	693	-42.40

*Vat Included

Cotton Seed Oil Cake Monthly Price Scenario

Cotton seed oil cake price noticed firm tone during this month. Monthly average price in Akola remained Rs 1770 per quintal, higher compared to the monthly average price of Rs 1721 per quintal in the previous month



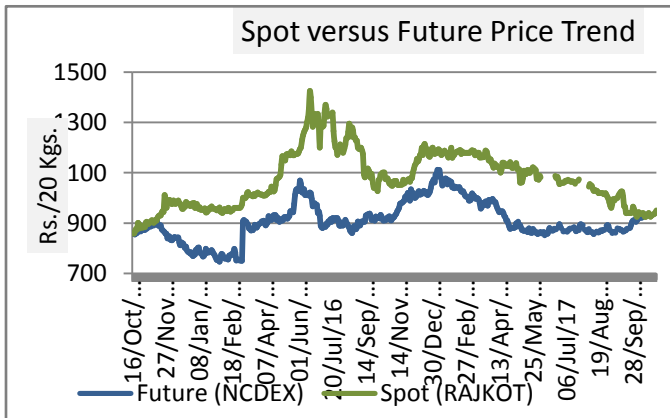
Centers	Monthly Average Price as on (Rs/quintal.)*		% Change
	Jan	Dec	
Kadi	1745	1728	0.98
Akola	1770	1721	2.85

*Source: NCDEX



Cotton Spot and Future Price Trend

Cotton future price closed higher this month .Kapas at NCDEX (Continuous chart) closed at Rs 977 as on 01 february 2018, compared to 936.5 a month earlier.The gap between the spot and future prices has decreased.



Technical Analysis of Kapas Future Prices at NCDEX(Continuous Chart C1)



Weekly Technical Outlook:

- Kapas prices and volume increased while O.I decreased .
- RSI is hovering in a neutral zone.
- MACD signal line and center line denotes neutral crossover.

Expected Price Range During Coming month

Expected Trend	Expected Trading Band
Range-bound To Firm Momentum	990-1360



Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
1000	1020	1050	1350
Figures in Rs/20 Kg			

International Market Scenario

International cotton prices remained firm during the month. Cotlook A index monthly average stood at 91.30cents/pound this month, which was 80.65 cents/pound during last month.

Major Market Highlights: The Pakistan Ministry of National Food Security and Research has stopped cotton import from Wagah, Torkham and Chaman borders to save domestic cotton production as the stock is lying with the ginning factories. India has been the major beneficiary of duty-free import of cotton yarn by Pakistan for the last four years which has badly hit the domestic industry and agricultural sector of the country under a planned conspiracy. There will be a huge loss of cash crop if the farmers adopted other crops. The cotton ginning industry has fiercely opposed duty-free import of Indian cotton, as it will have destructive effects on the country's economy. He revealed that more than 1.164 million bales of cotton were lying unsold in ginning factories. Another 10 to 15 percent bales are expected next month.

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.



In 2017/18, world ending stocks are estimated at 18.9 million tons, slightly higher than the 18.7 million tons for the previous season. The Cotlook A index during January 2018 averaged 91 cents per pound with a 2017/18 season to date average of 82.4 cents per pound. Competing price of polyester has risen over the course of the season and continues to increase relative to cotton, even as cotton prices have moved upward.

According to USDA the total spot transactions for the season were 1,260,255 bales compared to 1,067,357 bales the corresponding week a year ago. The ICE March settlement prices ended the week at 81.88 cents, compared to 82.63 cents last week.

Bangladesh's MY 2017-18 raw cotton production is projected at 135,000 bales based on favourable weather and expansion of acreage under "American Upland" variety. Imports are projected to rise by 7 million bales due to strong demand in diversified garment products with non-traditional business partners such as China, Japan, Russia and India

December month Indian Cotton export to China stood at 17,979 tonnes. Average price of exported cotton was \$1681.25/tonne. India was third largest exporter to China- according to China customs data. November 2017 cotton export reached only at 1,129 tonnes. India Jan to Dec cumulative export reached 112,037 tonnes, down 5.35 from last year. USA was the top exporter to China at 35,044 tonnes cotton in Dec 2017, down 23.54 % on year while Brazil was second largest at 27,488 tonnes.

Bangladesh imports 46 percent of the cotton used in its mills from India, spending about \$3 billion a year for local consumption. With the sudden cancellation of shipment of about 400,000 bales of cotton by Indian traders, after a rally in domestic prices and the rising rupee, the Bangladeshi yarn makers will be negatively affected which could deal a blow to the country's apparel exports

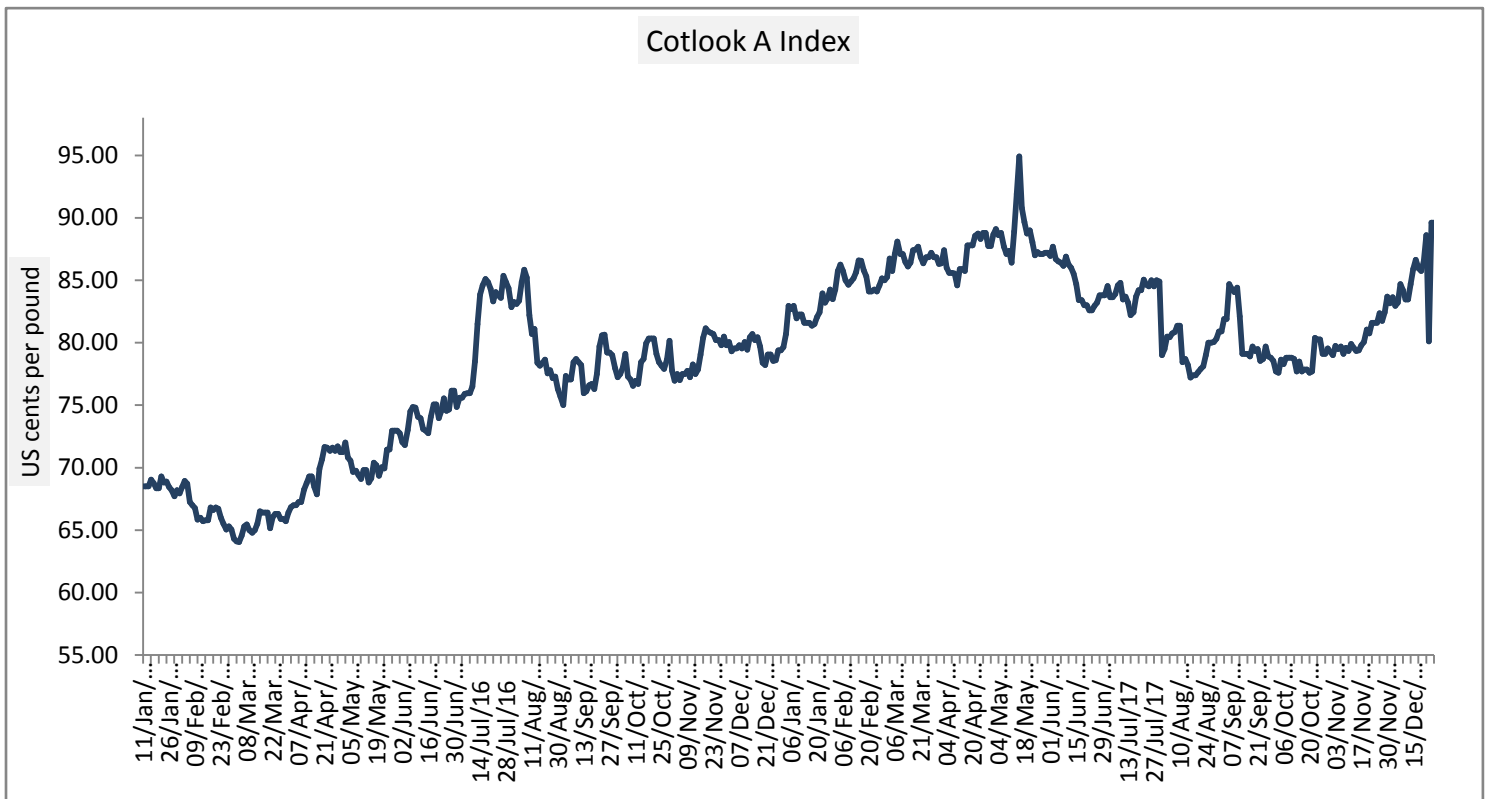
ICE cotton futures gained nearly 1% this week supported by mill buying, after some correction. The most active ICE cotton contract for March expiry settled up 0.71 cents, or 0.87%, at 82.14 cents per lb. It traded within a range of 80.96 and 82.22 cents a lb.

As per the central government's estimates of exports for some of the major commodities for December 2017, cotton yarn, cotton fabrics, cotton made-ups and handloom products, among others grew by a meager 0.38 per cent to stand at \$938.57 million, while man-made yarn, man-made fabrics and made-ups, among others saw a decent growth of 6.77 per cent in December 2017 at \$416.91 million, from the corresponding month last year. According to cotton ginning, spinning and textile mills, the trend is predominantly led by a rise in the cotton prices, which now stand at about Rs.42,000 per candy of 356 kg, along with dearth of export incentives.



Cotlook A Index

Cotlook A index remained firm during the month.



Cotlook A Index	Monthly Average Price as on		% Change
	Jan	Dec	
Prices	91.3	80.25	13.76
Prices in US cents per Pound			

China Cotton Index and Foreign Cotton Index

According to the National Bureau of Statistics, cotton production in China declined by 4.6 per cent in 2016 to 5.34 million tons compared to the previous year. Production has declined amid decline in acreage and yields. Acreage has declined by 11.1 per cent to 3.38 million hectares. Yields of cotton declined by 260,000 tons to 5.34 million tons.

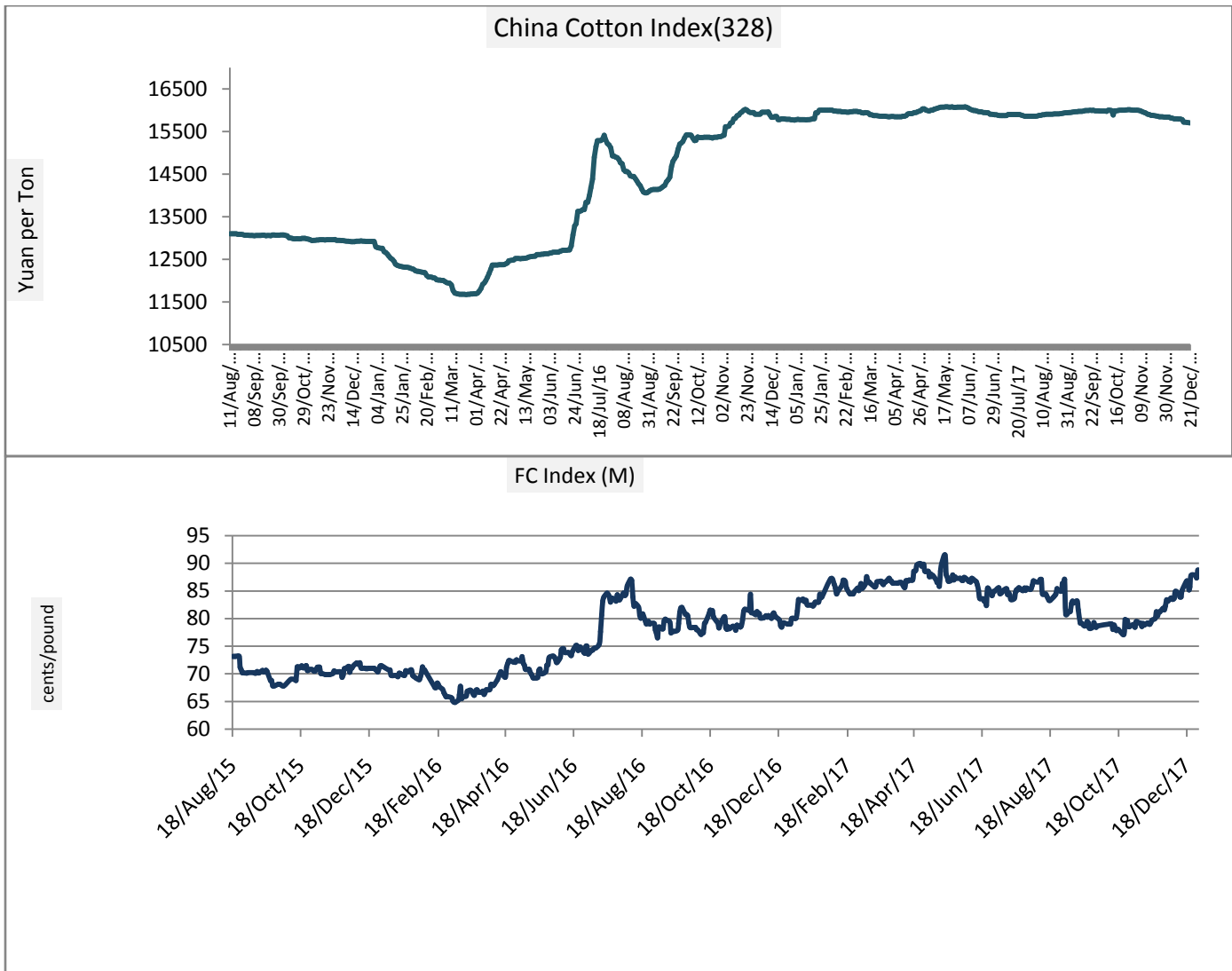
In 2016, China's cotton yarn import declined by 30 per cent y-o-y to 960 mkg worth US\$2430 million. According to report released by www.yarnsandfibers.com (YarnsandFibers), imports from India declined by 49 per cent to US\$560 million for 231 mkg. Price-wise, Pakistan was the cheapest supplier of cotton yarn for China, followed by India and then by Vietnam.



Cotton Index	Monthly Average Price as on		% Change
	Jan	Dec	
FC (S)	93.87	88.76	5.76
FC (M)	90.33	85.48	5.67
FC (L)	88.5	83.69	5.75
Prices in US cents per Pound			

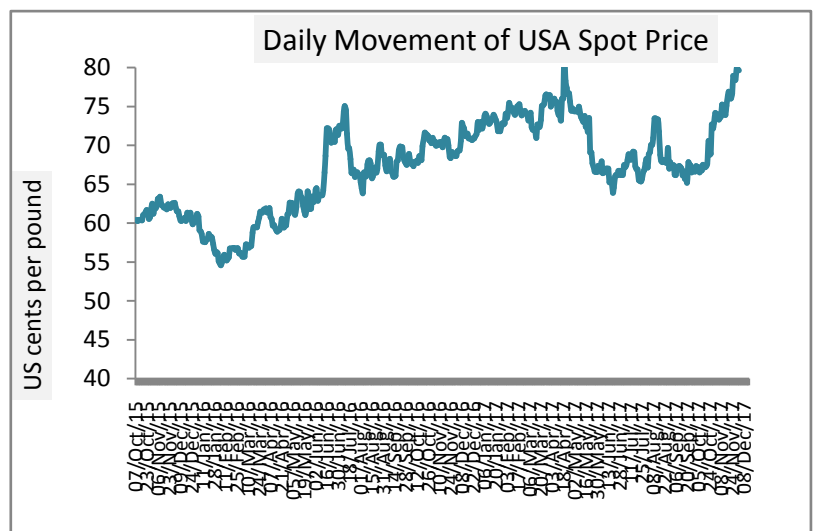
China Index remained weak during the week. CC Index (328) remained 15681 Yuan per ton during the week. Average was 15793 Yuan per ton during previous week.

Cotton Index	Monthly Average Price as on		% Change
	Jan	Dec	
CCIndex(328)	15681	15793	-0.70
CCIndex(527)	14660	14748	-0.59
CCIndex(229)	16209	16313	-0.63
Prices in Yuan per ton			



USA Spot Prices

According to latest report of USDA, global 2017/18 cotton ending stocks are revised down this month. Production in China is estimated to be lower, based on arrivals at gins. World ending stocks are now projected at 92.38 million bales

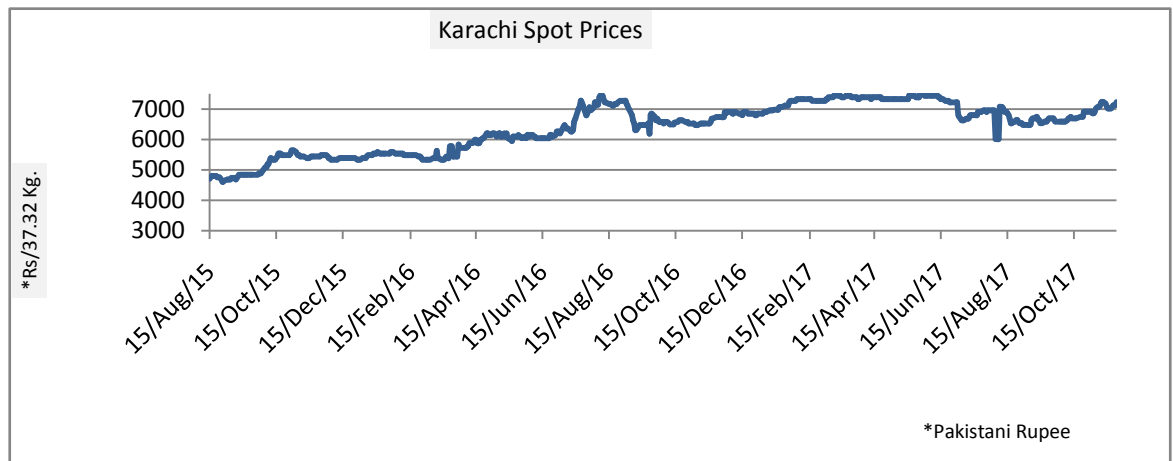




USA Spot Prices	Monthly Average Price as on		% Change
	Jan	Dec	
Prices	83.15	76.27	9.02
Prices in US cents per Pound			

Pakistan Spot Prices

Annual growth output of Cotton in Pakistan has increased to 12.3 per cent amid higher arrivals of seed cotton during the period October 01-15, 2017. Pakistan has harvested 8.134 million bales of cotton

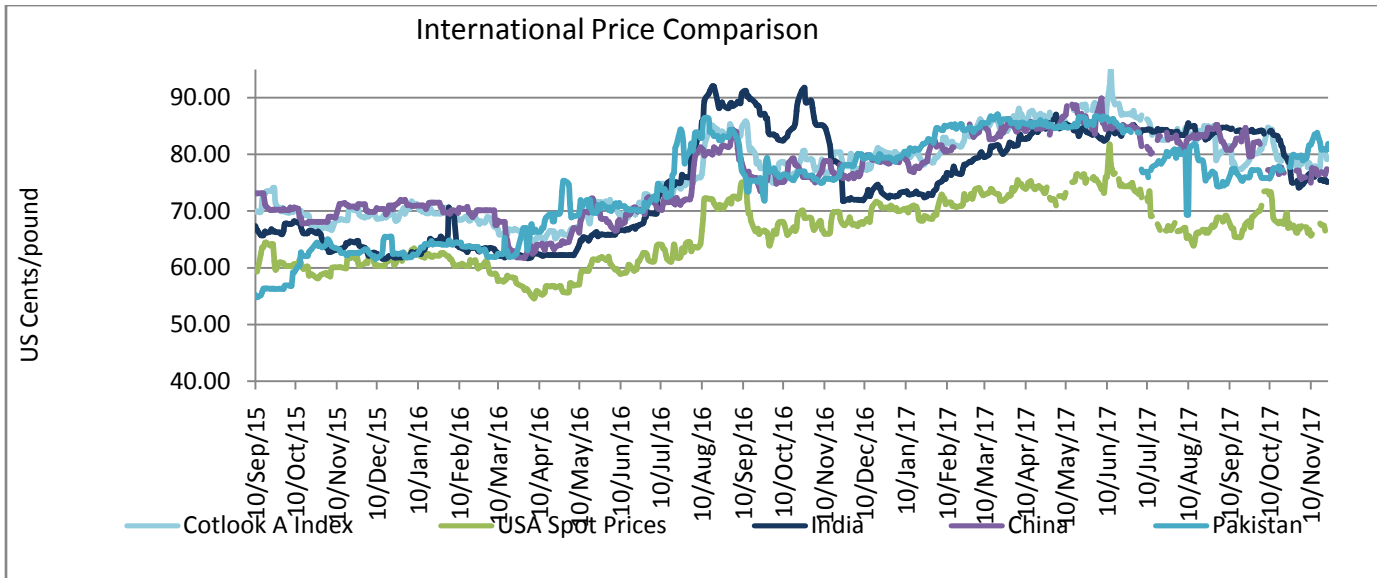


up to October 31, 2017 according to data released by the Pakistan Cotton Ginners Association. Seed cotton arrivals during the same period increased by 3 per cent to 389,490 bales. According to the latest estimates, Pakistan is expected to produce 9.15 million bales during the current season.

Karachi Spot Prices	Monthly Average Price as on		% Change
	Jan	Dec	
Prices	7445	7471	-0.34
Prices in Rs per 37.32 Kg			



International Price Comparison



Technical Analysis of Cotton Future (Dec'17 Contract) at ICE



Weekly Technical Outlook:

- Candlesticks denote bullish movement in the market.
- Volume decreased while Open Interest increased.
- We expect cotton prices to remain sideways to weak in the coming month.

Expected Price Range During Coming month

Expected Trend	Expected Trading Band
Range bound to Bearish Momentum	65.00-80.00

Expected Support and Resistance



Support 1	Support 2	Resistance 1	Resistance 2
73.50	72.00	82.00	83.00
Figures in US cents/pound			

Cotton Future Prices at IC

Cotton Prices in Future Contract on ICE						Prices in cents/Lb	
Contracts	31_Jan_2018	29_Jan_2018 (1 month ago)	30_Nov_2017 (3 month ago)	29_June_2017 (6 month ago)	31_Jan_2017 (Year Ago)	% Change over a month	% Change over previous year
Mar-18	77.28	78.63	68.05	70.11	72.15	-1.72	7.11
May-18	78.36	78.96	68.59	70.54		-0.76	
Jul-18	79.05	79.24	69.05	70.89		-0.24	
Oct-18	74.86	75.46	67.61	69.62		-0.80	
Dec-18	74.51	74.51				0.00	
Mar-19	74.69	73.89				1.08	

Domestic Cotton Prices and Arrivals at Key Centers

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Monthly Prices Average (Rs./Quintal)		Change
State	Centre	Variety	January,2018	December,2017	
Gujarat	Ahmedabad	Shankar-6	5302	5051	251
	Gondal	Shankar-6	5258	5097	161
	Rajkot	B.T. Cotton	5270	5077	193
	Patan	B.T. Cotton	5300	5096	204
	Kadi	B.T. Cotton	5334	5161	173
	Deesa	B.T. Cotton	5077	4927	150
	Dhrol	B.T. Cotton	5220	5073	147
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5522	5122	400
	Bhiwani	Desi	6394	5906	488
	Adampur	B.T. Cotton	5350	4959	391
	Fatehabad	B.T. Cotton	5400	5010	390
	Jind	B.T. Cotton	5403	5153	250
	Uchana	B.T. Cotton	5428	4997	431
	Dabwali	B.T. Cotton	5296	4840	455



Rajasthan	Hanumangarh	B.T. Cotton	5433	5031	403
	Rawatsar	B.T. Cotton	5347	4915	432
Madhya Pradesh	Khandwa	Mech-1	5089	4899	191
	Khargaon	Mech-1	5330	5083	247
Maharashtra	Amravati	Mech-1	5026	4777	249
	Jamner	Medium Staple	NR	NR	-
Uttar Pradesh	Hathras	B.T. Cotton	5393	5648	-255
	Hathras	Desi	4500	4543	-43
Telangana	Adilabad	Un-Ginned	4884	4752	132
Andhra Pradesh	Guntur	Un-Ginned	3675	3933	-258
	Kurnool	Un-Ginned	5037	5184	-146
	Krishna	Un-Ginned	NA	4320	-
	East Godavari	Un-Ginned	4320	4315	5
Karnataka	Bijapur	Bunny	5683	5471	212
	Hubli	D.C.H.	5575	5327	247
	Hubli	B.T. Cotton	6576	7066	-489
	Raichur	H-44 Cotton	5301	5138	163
Commodity	Lint		Montly Prices Avg. (Rs./Maunder of 37.32kg each)		Change
State	Centre	Variety	January,2018	December,2017	
Punjab	Bhatinda	J-34	4330	4072	257
	Abohar	J-34	4328	4079	249
	Mansa	J-34	4283	4044	239
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4306	4053	253
Rajasthan	Sri-Ganganagar	J-34	4086	3779	306

Cotton Arrivals in Key Centers:

Commodity	Kapas		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	January,2018	December,2017	
Gujarat	Ahmedabad	Shankar-6	1555500	1276700	278800
	Gondal	Shankar-6	79019	52041	26978
	Rajkot	B.T. Cotton	136000	92270	43730
	Patan	B.T. Cotton	252019	389669	-137650
	Kadi	B.T. Cotton	1155000	1030000	125000
	Deesa	B.T. Cotton	8390	4716	3674
	Dhrol	B.T. Cotton	6061	5267	794
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	31100	65500	-34400



	Bhiwani	Desi	60	260	-200
	Adampur	B.T. Cotton	99449	145088	-45639
	Fatehabad	B.T. Cotton	17200	27900	-10700
	Jind	B.T. Cotton	9494.5	26335	-16840
	Uchana	B.T. Cotton	38070	79470	-41400
	Dabwali	B.T. Cotton	15000	20410	-5410
Rajasthan	Hanumangarh	B.T. Cotton	52750	69000	-16250
	Rawatsar	B.T. Cotton	23600	74000	-50400
Madhya Pradesh	Khandwa	Mech-1	11700	11140	560
	Khargaon	Mech-1	6980	133950	-126970
Maharashtra	Amravati	Mech-1	373500	204000	169500
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	230	333	-103
	Hathras	Desi	NA	159	-
Telangana	Adilabad	Un-Ginned	138827	194773	-55946
Andhra Pradesh	Guntur	Un-Ginned	NA	2925	-
	Kurnool	Un-Ginned	3008	2621	387
	Krishna	Un-Ginned	NR	NR	-
	East Godavari	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	36624	52188	-15564
	Hubli	D.C.H.	336	1627	-1291
	Hubli	B.T. Cotton	428	1572	-1144
	Raichur	H-44 Cotton	23072	27437	-4365
Commodity	Lint		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	January,2018	December,2017	Change
Punjab	Bhatinda	J-34	136000	185300	-49300
	Abohar	J-34	22780	29580	-6800
	Mansa	J-34	13940	17340	-3400
Haryana	Sirsa	J-34	14450	44370	-29920
Rajasthan	Sri-Ganganagar	J-34	12300	51600	-39300

Cotton Association of India Cotton Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				January,2018	December,2017	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	41950	41196	754
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	42605	41900	705



J-34(202)	26mm	3.5 - 4.9	23	40200	38196	2004
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	39709	37658	2051
Shankar-6(105)	29mm	3.5 – 4.9	28	41223	39146	2077
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42532	40379	2153
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	43873	42671	1202
DCH-32(107)	34mm	3.0 - 3.8	33	56345	54021	2325

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