



## Current Market Outlook

**Domestic Weekly Price Scenario:** Cotton spot markets mostly noticed weak tone during the week.

Average price of Lint at Sirsa during the week was Rs.4185 per maund (of 37.32 Kg each), compared to the previous week price of Rs 4232 Cotton fiber (Shankar-6) prices noticed weak this week. Average price was Rs 40000 per candy (of 355.6 kg each) during the week, which was Rs 41000 per candy previous week. Future price of cotton (at NCDEX, Continuous contract) closed higher this week at Rs.937 per maund (of 20 kg each) which was Rs 934 a week earlier.

**Cotton Price Outlook (For Coming Week):** In the coming week we expect Kapas price to remain range bound to weak with the price band of Rs. 4900-5300 per quintal in the Rajkot market. Lint price at Sirsa is likely to be in range of Rs 3800-4500 per maund. Kapas prices at NCDEX (Continuous contract), is expected to hover in the range of Rs.900-1020 per maund (of 20 kg each).

## **Major Market Highlights**

Cotton Corporation of India has procuring cotton lint from different mills across the country at Rs 41000(29 mm) per candy.

All India cotton daily arrivals reported from 110-120k bales against an average of roughly 140k bales last week. Arrivals are mainly slowing down in the northern states. As per trade sources, 24.50 million domestic bales arrived until 20<sup>th</sup> February and export business continues in the Vietnam, Bangladesh and the Pakistani mainly for March shipment.

As per Maharashtra new textile policy, cooperative spinning mills and power loom societies will be allowed to be privatized, provided they are ready to return to the government the equity, loan and interest, the new policy will exist for next five years from 2018 to 2023.

India's market share in home textile imports by the US remaining 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 the 1% market share in cotton sheets every year since 2012.

India's export of cotton sheets to the US (in US dollar terms) increased 1.9% year-on-year \$717million in 2017. Indecently cotton sheet exports from the rest of the world. The world to the US declined 0.3% during the year.

Andhra Pradesh state in Kharif 2017-18, cotton was grown over a total area of 12.25 million hectares. Of this, 89 per cent of the area was covered with Bt cotton.

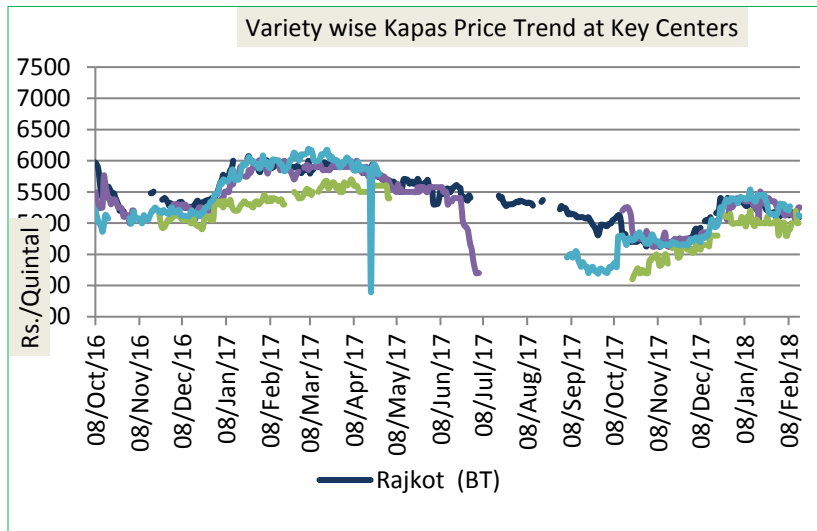


The Cotton Association of India (CAI) has, in its latest estimate, lowered the crop size by 8 lakh bales to 367 lakh bales against the earlier estimate of 375 lakh bales. For the 2017-18 season, beginning from October 1, 2017, the CAI reduced the crop estimate to 367 lakh bales citing severe infestation 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.

## Domestic Cotton Prices Scenari

### Kapas (Raw Cotton) Weekly Price Scenario

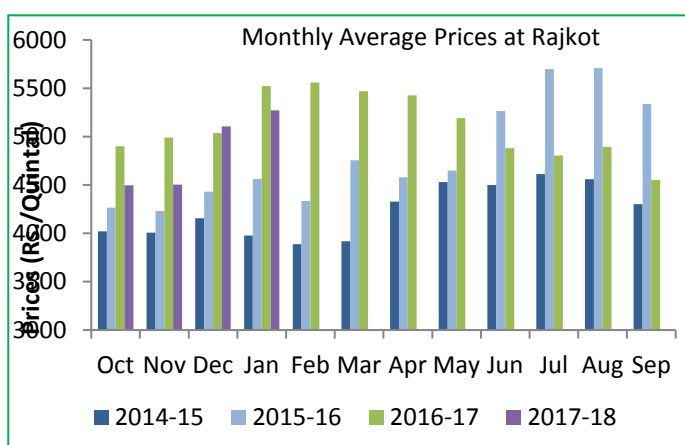


Weekly Price Review: Weekly kapas average price at Rajkot rose from Rs 5114/quintal this week.

According to latest report of USDA attaché, India's 2017/18 cotton production forecast is 30.00 million 480 lb. bales on higher acreage of 12.20 million hectares. Higher yields are expected through a combination of better crop, pest, and weed management practices and assuming a normal monsoon

Weekly Price Outlook: Kapas prices are expected to remain range-bound to weak in coming days. The expected range for Kapas at Rajkot is Rs 4900-5400per quintal for the coming week.

### Kapas Monthly Y-o-Y Price Scenario



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.

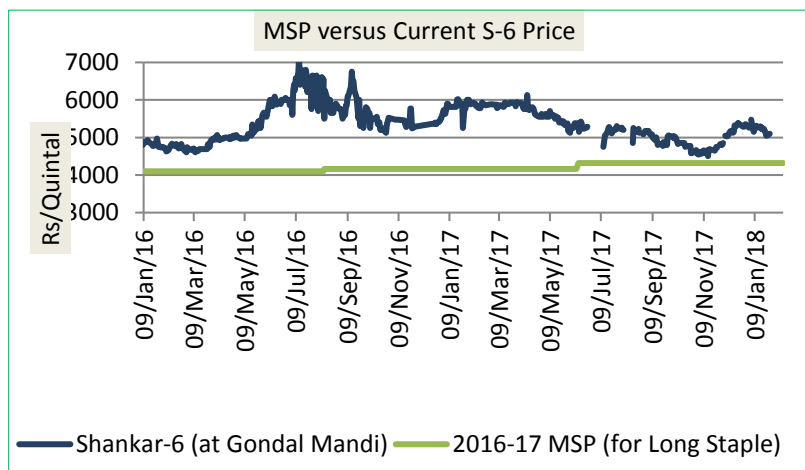
Monthly average price of Kapas at Rajkot remained Rs.4126 per quintal during January, which was Rs. 4504 during previous month and Rs. 5024 per quintal during the corresponding month last year. We expect Kapas prices to



remain range –bound to firm in the coming month. The expected price range for Decmber month is likely to be Rs 4600-5200 per quintal.

### Spot Price versus MSP

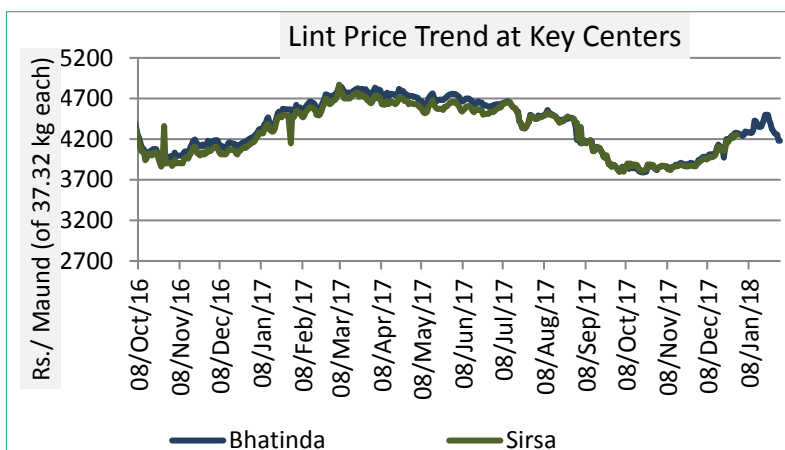
The Kapas prices are ruling above the MSP so far. The gap between the two prices has increased this week. . The average gap between the prices was Rs 690 compared to Rs 780 a week earliar. This indiacates prices are decreasing



### Lint (De-Seeded Cotton) Weekly Price Scenario

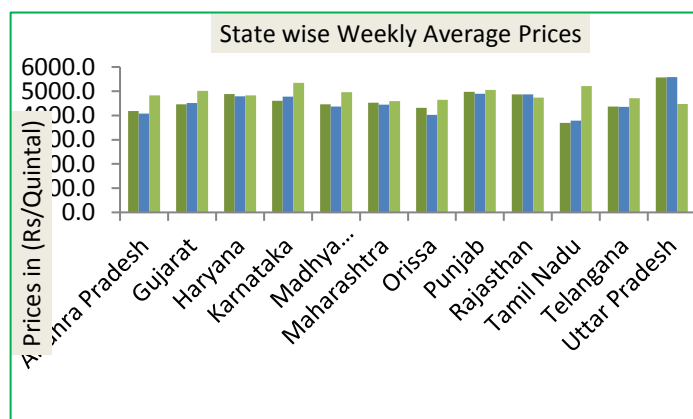
Weekly Price Review: Lint prices remained weak during the week owing to weak tone prevailing in market. Weekly average price of Lint at Sirsa remained Rs.4185 per maund of 37.32 kg each, lower compared to the previous week price of Rs 4232 per maund.

Weekly Price Outlook: Lint prices are expected to remain weak during the week. We expect Lint at Sirsa to remain in the range of Rs. 3900-5000 per maund.



### State wise Weekly Price Scenario

On week on week 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



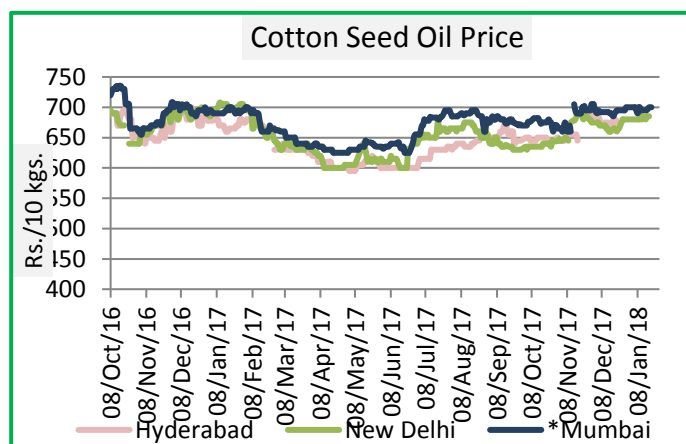


## Cotton Seed Oil and Cotton Seed Oil Cake

### Cotton Seed Oil Weekly Price Scenario

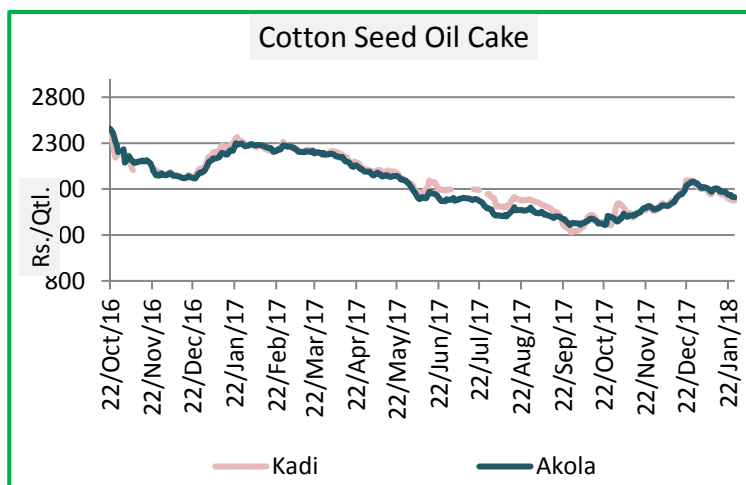
Cotton seed oil price noticed firm during the week. Weekly average price in New Delhi is Rs 704 per 10 Kg, compared to the weekly average price of Rs 697 per 10 Kg in previous week.

Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	23-Feb -18	15-Feb -18	
New Delhi	704	697	0.93
Rajkot	708	696	1.62
Hyderabad	NR	NR	-
Mumbai*	727	711	2.13



### Cotton Seed Oil Cake Weekly Price Scenario

Cotton seed oil cake price noticed weak tone during this week. Weekly average price in Akola is Rs per quintal, 1662 higher compared to the weekly average price of Rs 1704 per quintal in the previous week.



Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	23-Feb-18	15-Feb-18	
Kadi	1602	1676	-4.41
Akola	1662	1704	-2.46

\*Source: NCDEX



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



#### Weekly Technical Outlook:

- Kapas prices on downtrend but short term bullishness is in market..
- RSI is hovering in oversold region
- EMA signal line and center line denotes bearish market.

#### Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range-bound To Firm Momentum	900-1100

#### Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
920	900	990	1020

Figures in Rs/20 Kg

#### International Market Scenario

International cotton prices remained to weak during the week. Cotlook A index weekly average stood at 88.74 cents/pound this week, which was 89.52 cents/pound during last week.

**Major Market Highlights:**

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 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.

U.S. cotton exports expected to reach 15 million bales this season, says NCC, up 500,000 bales from USDA's latest estimate. Exports next season projected to slow to 14.3 million bales.

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.

The Pakistan Ministry of National Food Security and Research has stopped cotton import from Wagah, Torkham and Chaman borders. However, the neighboring country continues to import cotton from the sea route.

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; its biggest cotton import markets being the United States, India, Australia, Brazil and Cote d'Ivoire in that order.



Global cotton production is increasing at a faster rate. Current estimates for the season put 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 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. Price of competing polyester has risen over the course of the season and continues to increase relative to cotton, even as cotton prices have moved upward.

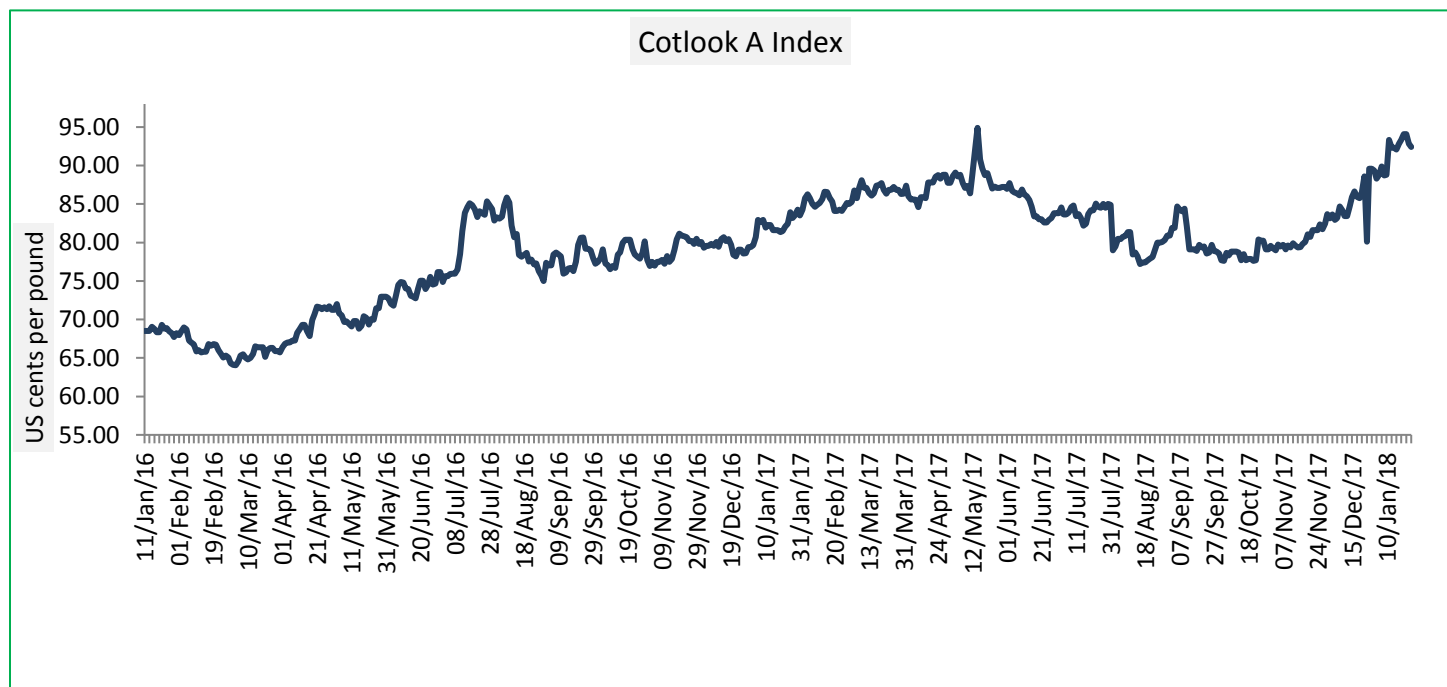
December Month Indian Cotton export to China reached only 17,979 tonnes. Average price of exported cotton at \$1681.25/tonnes. India was third largest exporter to China- According to China customs. November 2017 cotton export reached only at 1129 tonnes. India Jan to Dec cumulative report reached 112,037 tonnes, down 5.35 from last year. USA top exporter to china at 35,044 tonnes cotton in Dec 2017, down 23.54 % on year. 2<sup>nd</sup> Brazil at 27,488 tonnes.

Cotton futures tumbled to steep losses Friday after U.S weekly report sales fell much more than generally expected, with spot marching just above the bearish reversal of Jan 12. March lost the mist, settling down 140 points at 80.48 cents, its lowest close since Jan 10 and near the low of its 166 point session range from up 10 points at 81.98 to down 156 points at 80.32 cents. The low was two ticks above the low that wild 435 point range two weeks ago. May closed down 136 points at 81.22 cents, July finished down 134 points at 81.72 cents and new-crop December closed down 50 points at 75.51 cents. For the week, the market lost 294 points in March, 254 points in May, 251 points in July and 24 points in December.





## Cotlook A Index



Cotlook A index remained weak during the week.

Cotlook A Index	Weekly Average Price as on		% Change
	23-Feb-18	15-Feb-18	
Prices	88.74	89.52	-0.9
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](http://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.

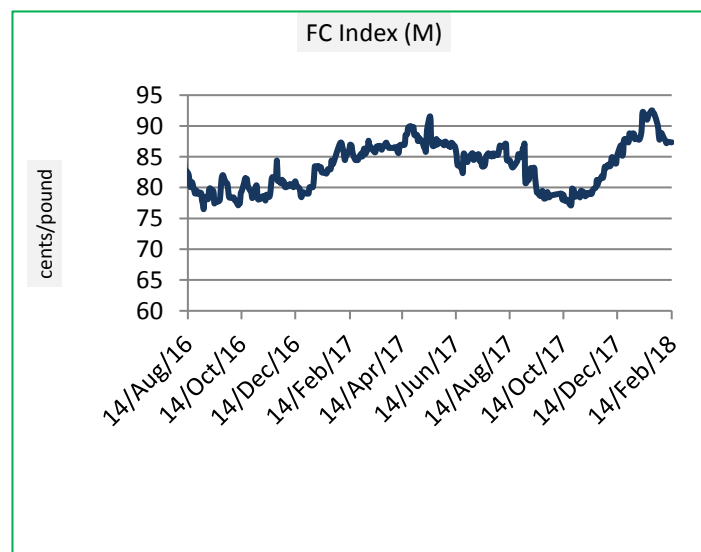
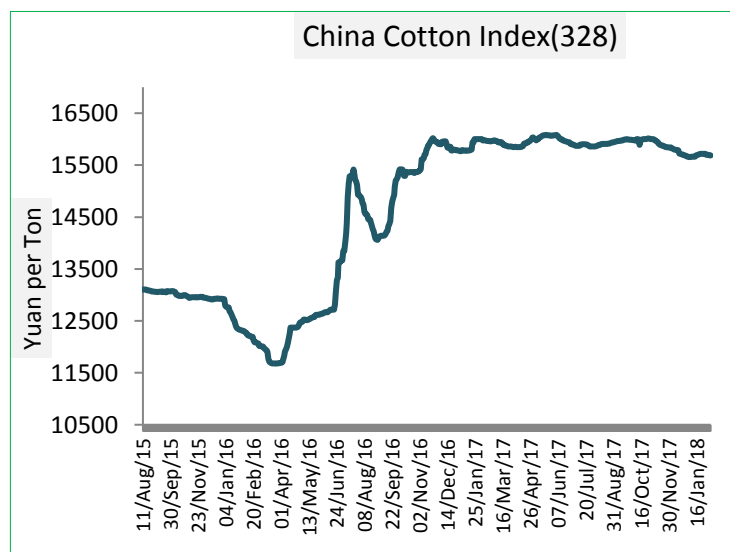




Cotton Index	Weekly Average Price as on		% Change
	23-Feb-18	15-Feb-18	
FC (S)	92.02	90.97	1.15
FC (M)	87.98	87.37	0.70
FC (L)	85.88	85.10	0.92
Prices in US cents per Pound			

China Index remained weak during the week. CC Index (328) remained 15689 Yuan per ton during the week. it was 15969 in the previous week.

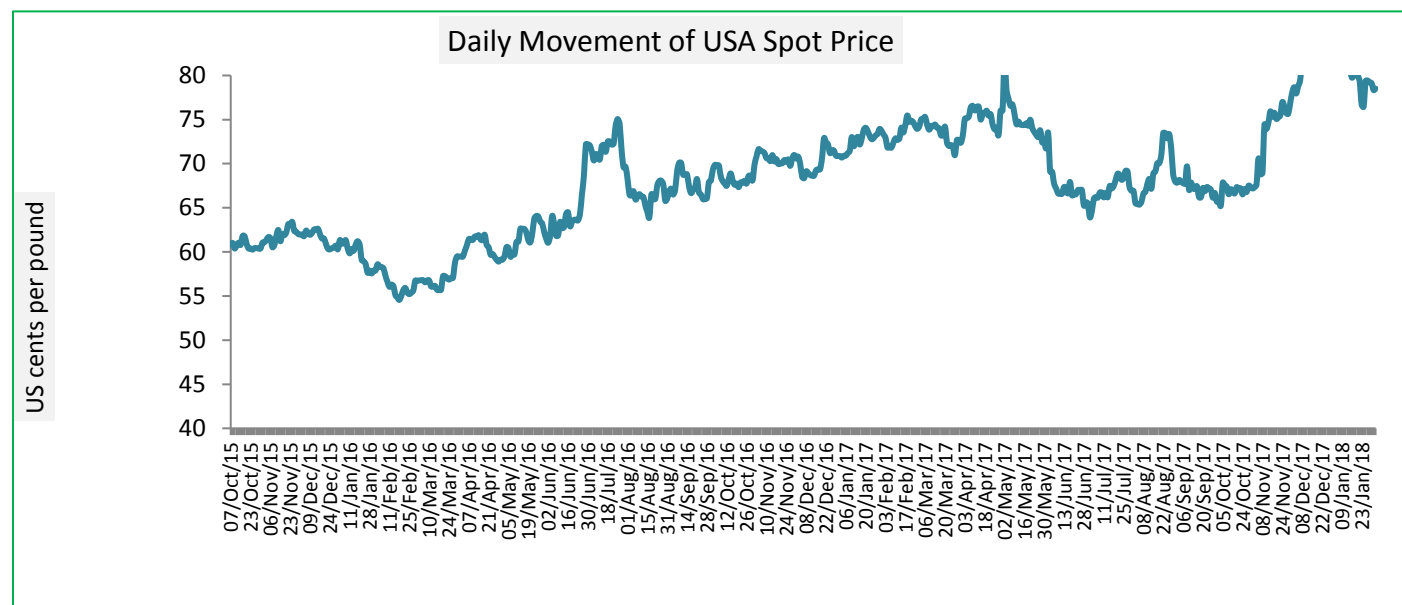
Cotton Index	Weekly Average Price as on		% Change
	23-Feb-18	15-Feb-18	
CCIndex(328)	15689	15969	-1.75
CCIndex(527)	14694	14702	-0.05
CCIndex(229)	16250	16246	0.02
Prices in Yuan per ton			





## USA Spot Prices

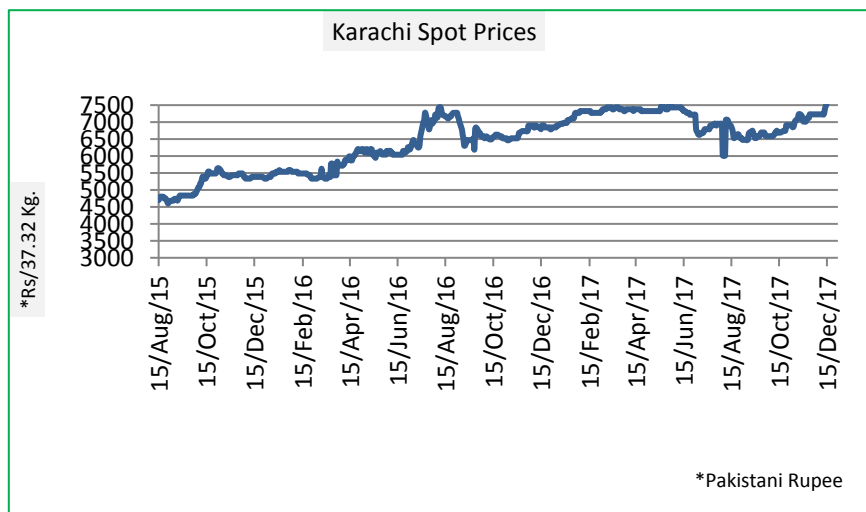
According to latest report of USDA, global 2017/18 cotton ending stocks are revised down this month. Production in China is estimated to be lower, based on arrivals at gins. World ending stocks are now projected at 92.38 million bales



USA Spot Prices	Weekly Average Price as on		% Change
	23-Feb18	15-Feb18	
Prices	82.17	78.93	4.10
Prices in US cents per Pound			

## Pakistan Spot Price

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

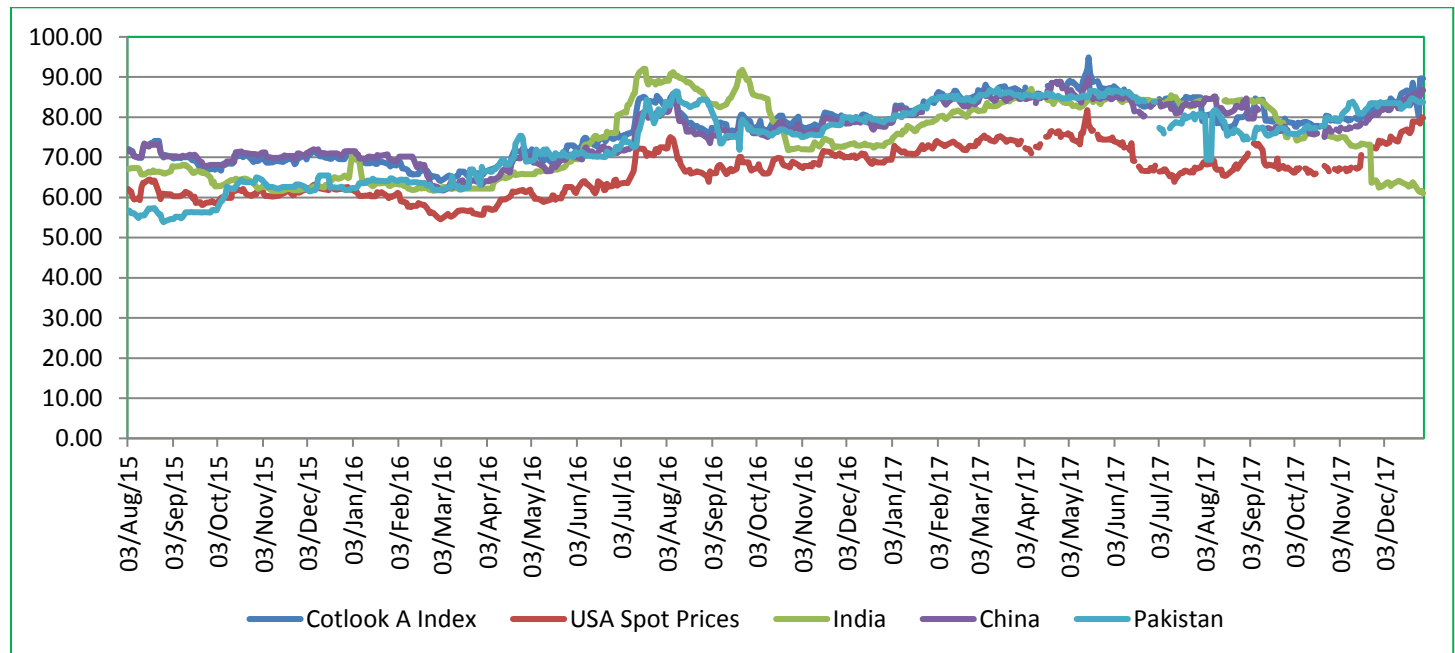




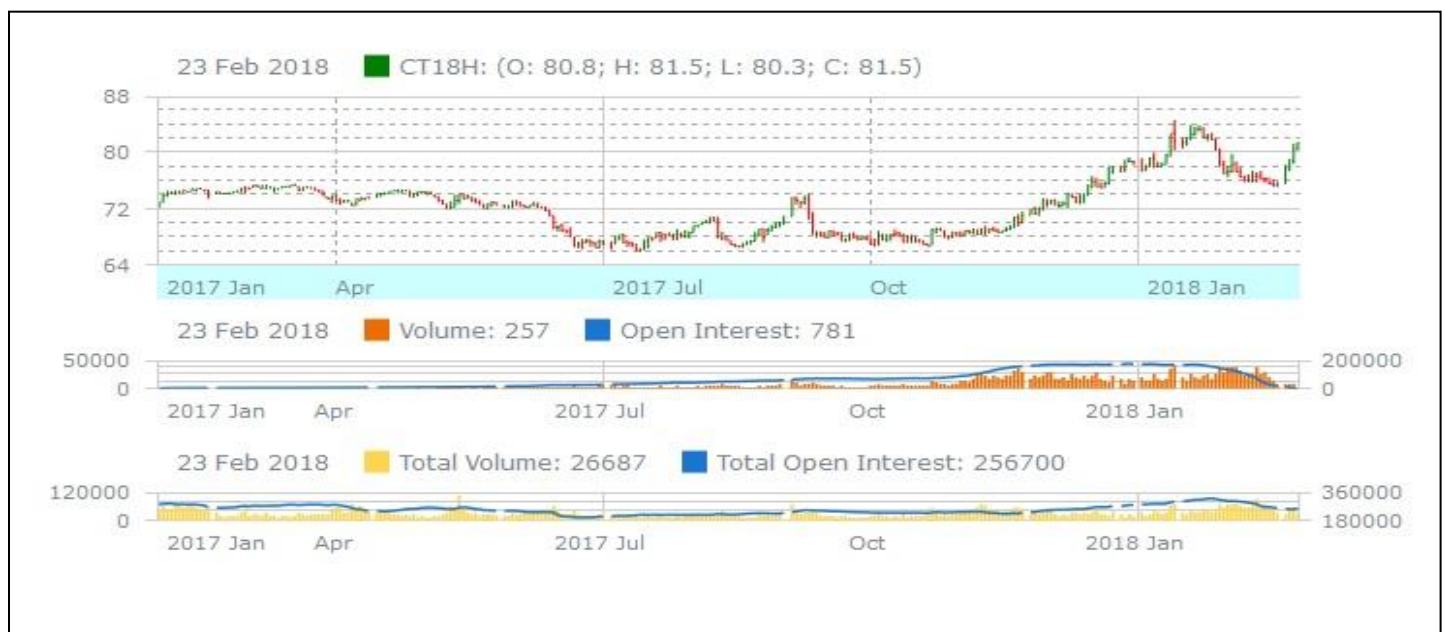
expected to produce 9.15 million bales during the current season.

Karachi Spot Prices	Weekly Average Price as on		% Change
	23-Feb 18	15-Jan-18	
Prices	7395	7683	-3.75
Prices in Rs per 40. Kg			

### International Price Comparison



### Technical Analysis of Cotton Future (Jan'18 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 week.

**Expected Price Range During Coming Week**

Expected Trend	Expected Trading Band
Range bound to Bearish Momentum	70.00-85.00

**Expected Support and Resistance**

Support 1	Support 2	Resistance 1	Resistance 2
75	70	78.00	85.00

Figures in US cents/pound

**Cotton Future Prices at ICE****ICE Futures Cotton**

ICE Futures Cotton							
Contracts	23-Feb	Week Ago	Month ago	Year Ago	%W-o-W change	%M-o-M change	%Y-o-Y change
<b>Mar-18</b>	81.45	75.41	82.26	74.22	8.01	-0.98	9.74
<b>May-18</b>	81.34	76.77	82.74		6.06	-1.69	#DIV/0!
<b>Jul-18</b>	82.07	77.76	83.19		5.61	-1.35	#DIV/0!
<b>Oct-18</b>	78.04	76.26	77.03		2.29	1.31	#DIV/0!
<b>Dec-18</b>	76.60	75.49	75.33		1.46	1.69	
<b>Mar-19</b>	76.80	75.84	75.31		1.27		

**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Weekly Average Prices (Rs./Quintal)		Change
State	Centre	Variety	16th to 22nd February 2018	09th to 15th February 2018	
Gujarat	Ahmedabad	Shankar-6	5167	5195	-28
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	5111	5137	-26
	Patan	B.T. Cotton	5132	5231	-99
	Kadi	B.T. Cotton	5163	5200	-38



	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5085	5135	-50
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	5235	5304	-69
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5113	5192	-79
	Fatehabad	B.T. Cotton	5150	5256	-106
	Jind	B.T. Cotton	NA	5456	-
	Uchana	B.T. Cotton	5143	5279	-136
	Dabwali	B.T. Cotton	5032	5136	-104
Rajasthan	Hanumangarh	B.T. Cotton	5150	5250	-100
	Rawatsar	B.T. Cotton	4983	5131	-148
Madhya Pradesh	Khandwa	Mech-1	4625	4800	-175
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	4967	5000	-33
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4650	4695	-45
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	4309	4895	-586
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5201	5361	-160
	Hubli	D.C.H.	4514	5390	-876
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5051	5095	-44
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	16th to 22nd February 2018	09th to 15th February 2018	
Punjab	Bhatinda	J-34	4190	4239	-49
	Abohar	J-34	4195	4238	-43
	Mansa	J-34	4163	4211	-48
	Muktsar	J-34	NA	NA	-
	Fazilika	J-34	NA	NA	-
Haryana	Sirsa	J-34	4180	4233	-53
Rajasthan	Sri-Ganganagar	J-34	3905	3976	-71



### Cotton Arrivals in Key Centers:

Commodity	Kapas		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	16th to 22nd February 2018	09th to 15th February 2018	
Gujarat	Ahmedabad	Shankar-6	340000	280500	59500
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	17900	25450	-7550
	Patan	B.T. Cotton	12787	26263	-13476
	Kadi	B.T. Cotton	245000	255000	-10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	715	554	161
Punjab	Fazilika	B.T. Cotton	NA	NA	-
	Muktsar	B.T. Cotton	NA	NA	-
Haryana	Bhiwani	B.T. Cotton	3500	4700	-1200
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	12750	11050	1700
	Fatehabad	B.T. Cotton	4800	3975	825
	Jind	B.T. Cotton	NA	493	-
	Uchana	B.T. Cotton	5005	6960	-1955
	Dabwali	B.T. Cotton	1960	2070	-110
Rajasthan	Hanumangarh	B.T. Cotton	12300	10200	2100
	Rawatsar	B.T. Cotton	1100	3800	-2700
Madhya Pradesh	Khandwa	Mech-1	1600	1200	400
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	37000	68000	-31000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	25773	9936	15837
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	7890	9128	-1238
	Hubli	D.C.H.	274	4685	-4411
	Hubli	B.T. Cotton	NA	NA	-



	Raichur	H-44 Cotton	4582	3306	1276
Commodity	Lint		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	16th to 22nd February 2018	09th to 15th February 2018	
Punjab	Bhatinda	J-34	34850	28900	5950
	Abohar	J-34	5780	4590	1190
	Mansa	J-34	4930	2465	2465
Haryana	Sirsa	J-34	6460	4590	1870
Rajasthan	Sri-Ganganagar	J-34	3500	3800	-300

#### Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				15th to 21st February 2018	8th to 14th February 2018	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	41450	41983	-533
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41950	42450	-500
J-34(202)	26mm	3.5 - 4.9	23	38917	39333	-417
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38100	38500	-400
Shankar-6(105)	29mm	3.5 - 4.9	28	39750	40183	-433
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42050	42000	50
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	42750	42650	100
DCH-32(107)	34mm	3.0 - 3.8	33	55733	56000	-267

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