

Domestic Fundamentals:**Market Outlook:**

Cotton spot market prices were witnessed steady to weak on Wednesday. Global prices are improving as of now. Mills are buying cotton for their short term needs only. In Punjab and Haryana state, cotton prices are ruling Rs. 200 to 400 above the MSP in the ongoing procurement season. Strong dollar may help Indian cotton exporters to offer its product at competitive prices in the global markets to earn more profit. Slow demand in natural Fibre and yarn market are not supporting cotton prices to go up. Ups and downs flow of arrivals has been registered today in market.

In the News:

In Maharashtra, cotton prices are hovering near minimum support prices, procurement by the Cotton Corp of India has so far received tepid response. “Farmers have held back produce on belief that prices will rise for sure after Makar Sankranti festival (which falls around mid-January) due to a smaller crop,” said an official at Maharashtra State Co-Operative Cotton Growers Marketing Federation. The minimum support price for medium-staple variety of cotton is 5,150 rupees per 100 kg, and that for long staple at 5,450 rupees per 100 kg, both 1,130 rupees higher on year. Prices at Cotton Corp’s procurement centres in Aurangabad and Akola had been at intervention levels over the last couple of days. However, Cotton Corp could procure just a couple of hundred of bales so far at both the centres. “Arrivals in most centres in Maharashtra have not picked up as expected as farmers are hoarding the crop or selling it to private ginners and millers at higher prices,” a senior official at Cotton Corp said.

In Adoni cotton prices are trading in the range of 4800-5700 Rs/ Qtls, due to deficient of rainfall for the season the bolls has not developed properly , crop yields around 3qtls per acre. Daily arrivals were witnessed around 3000 qtls and arrivals are expected to till feb in the market.

In the WTO's Committee on Agriculture on November 26-27, 2018, India rejects the allegation of U.S that the country provides substantial market price for cotton well in excess of India's WTO (World Trade Organization) spending limits. India says that market price support will help to the poor growers of crop.

According to the Cotton Advisory board, the cotton production of India is placed 2 to 3% lower to 36 mln bales in 2018-19 as compared to its estimates of 2017-18 followed by lower production estimates in Gujarat and Maharashtra on account of scanty rains. As per IMD, Gujarat got 484.6 mm rainfall, 28% below the normal, while Maharashtra got 925.8 mm rainfall, 8% below normal during the July-September 2018.

Cotton Corporation of India (CCI) has started procurement of cotton at Minimum Support Price (MSP) from farmers in Warangal district and Mehboob Nagar of Telangana. The process is yet to pick up pace with cotton prices already hovering over Minimum Support Price (MSP). The procurement operations have just started and the Corporation has purchased nearly 3,000 bales from Warangal and 50 bales from Mehboob Nagar. Some bales are also procured from Akola in Maharashtra. The cotton prices are ruling above MSP in most cotton producing regions and arrivals are yet to pick up.

In Karnataka early sown crop is 140 -150 days old, but in majority area the crop is 135 days old. The crop is at boll opening stage in majority areas. First kapas picking is completed in early sown crop. Desi cotton crop is in growing vegetative stage. Dry spell prevailed during this week in all cotton growing districts with lower night temperature and dry weather during day time. Karnataka cotton prices of 29⁺ mm sold between 44500 to 47,000 Rs./Candy during the week.

As prevailing weather conditions and water scarcity hit cotton yields in key growing regions, trade body Cotton Association of India (CAI) has further trimmed its crop estimate to 343.25 lakh bales (each of 170 kg) for the season 2018-19 beginning from October 1. Earlier CAI, at the Cotton India 2018 meet in Aurangabad last month, had projected

the crop size at 348 lakh bales for the year 2018-19, 365 lakh bales lower than 2017-18. CAI cited water shortage and climatic adversities as factors affecting the crop in the key growing regions of Gujarat, Maharashtra and Karnataka. The CAI has revised downwards the crop estimate for Gujarat by 2 lakh bales, Maharashtra by 1 lakh bales, Karnataka by 1 lakh bales and Orissa by 75 thousand bales than compared to its previous estimate due to unfavourable weather conditions.

The Chinese are substituting their cotton imports from US with India. India's cotton exports to China may see a fivefold jump to 4 million bales in the marketing year 2018-19 starting Oct 1 against 0.8 million tonnes in 2017-18, after China slapped a 25% additional duty on imports of the fibre from the US. India's forward export contracts of cotton have more than doubled from about 7 lakh bales in Sep 2017.

Weather Update:

06.12. 2018, Squally weather very likely to prevail over Comorin area, Gulf of Mannar and southern parts of Southwest Bay of Bengal and adjoining equatorial Indian Ocean

Weather Forecast:-

- Dry weather likely over the rest of the country.
- Dense fog at isolated places very likely over Assam & Meghalaya and Nagaland, Manipur, Mizoram & Tripura in the morning hours.
- Heavy rain likely at isolated places over south coastal Andhra Pradesh and north Coastal Tamilnadu.
- No significant change in minimum temperatures are likely over major parts of the country during next 3-4 days.



International Fundamentals:

From a fundamental point of view we see no reason for the market to rally. There is plenty of cotton around at the moment and the fact that we have such a large amount of tenderable 41 style cotton should keep a lid on the market. It would help if China were able to come back into the market to absorb some of these lower qualities, which is why traders are keenly awaiting the outcome of the US-China trade talks at the G-20 meeting this weekend.

As per Reuter news, USDA expect that Uzbekistan's cotton planting area and production for marketing year (MY) 2018/19 will stand 1.17 million hectares and 3.35 million bales (480 pound bales) which is 730,000 MT. Yield are estimated down due to adverse growing conditions in almost all regions. There has been rapid expansion of the new "cotton-textile cluster" project, driving investment and modernization of each stage of production from cotton to textiles. Domestic cotton consumption is increasing year by year with new investments that are reducing cotton availability for exports. Accordingly, MY 2018/19 domestic consumption is estimated at about 2.66 million bales (580,000 MT) and exports at 1.05 million bales (230,000 MT).

As per sources, cotton production in Zimbabwe for the 2017/18 increased by 73.1 million kg to 142.7 million kg. in October 2018 against last year record during the same period last year. In the 2018 marketing season, farmers were paid minimum prices ranging from 51.7 cents to 55 cents per kg before grade adjustments.

As per the recent USDA Recent Report, 15 states of the world have picked total 98% of the 2017 cotton area so far. As on November 26, 2018. Farmers have picked total 70% of cotton which is lower than previous year record i.e. 78% in the corresponding period of time due adverse weather condition. While, current harvested crop size is more than last week record i.e. 59%. It has reported average 77% of total picked cotton crop size during 2013 to 2017 period of time.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-18	-0.14	21910	21910	21840	21870	463	297	5844	5520
Jan-19	-0.23	22120	22130	22060	22130	1480	965	228	-880

Spread	Dec-18		-	-	--	--
Spot			-	-	-	-
Jan-18			-	-	-	-

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

* Updated at as on 05-Dec- 2018

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	5-Dec-18	4-Dec-18	
Gujarat	Ahmedabad	Shankar-6	5625	5625	Unch
	Gondal	Shankar-6	5590	5605	-15
	Rajkot	B.T. Cotton	5665	5700	-35
	Patan	B.T. Cotton	5650	5700	-50
	Kadi	B.T. Cotton	5800	5800	Unch
	Deesa	B.T. Cotton	5325	5325	Unch
	Dhrol	B.T. Cotton	5440	5565	-125
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5625	5680	-55
	Bhiwani	Desi	5800	5800	Unch
	Adampur	B.T. Cotton	5430	5465	-35
	Fatehabad	B.T. Cotton	5460	5480	-20
	Jind	B.T. Cotton	5740	5750	-10
	Uchana	B.T. Cotton	5450	5450	Unch
	Dabwali	B.T. Cotton	5350	5380	-30
Rajasthan	Hanumangarh	B.T. Cotton	5400	5450	-50
	Rawatsar	B.T. Cotton	5280	5290	-10
Madhya Pradesh	Khandwa	Mech-1	5500	5500	Unch
	Khargaon	Mech-1	5540	5540	Unch
Maharashtra	Amravati	Mech-1	5600	5600	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6000	5800	200
	Hathras	Desi	5000	4900	100
Telangana	Adilabad	Un-Ginned	5242	5440	-198

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	NR	5829	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5670	5650	20
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	5-Dec-18	4-Dec-18	
Punjab	Bhatinda	J-34	4390	4430	-40
	Abohar	J-34	4400	4430	-30
	Mansa	J-34	4380	4400	-20
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4380	4400	-20
Rajasthan	Sri-Ganganagar	J-34	4089	4136	-47

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	5-Dec-18	4-Dec-18	
Gujarat	Ahmedabad	Shankar-6	42500	51000	-8500
	Gondal	Shankar-6	3814	3250	564
	Rajkot	B.T. Cotton	5520	5880	-360
	Patan	B.T. Cotton	16497	15928	569
	Kadi	B.T. Cotton	35000	20000	15000
	Deesa	B.T. Cotton	30	30	Unch
	Dhrol	B.T. Cotton	731	580	151
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4000	5000	-1000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	935	1020	-85
	Fatehabad	B.T. Cotton	1200	1200	Unch
	Jind	B.T. Cotton	1250	901	349
	Uchana	B.T. Cotton	3450	3455	-5
	Dabwali	B.T. Cotton	850	1125	-275
Rajasthan	Hanumangarh	B.T. Cotton	2500	2000	500
	Rawatsar	B.T. Cotton	2000	5000	-3000
Madhya Pradesh	Khandwa	Mech-1	4065	3780	285
	Khargaon	Mech-1	6730	12800	-6070
Maharashtra	Amravati	Mech-1	14000	15000	-1000
	Jamner	Medium Staple	NA	NA	-

Uttar Pradesh	Hathras	B.T. Cotton	75	50	25
	Hathras	Desi	100	100	Unch
Telangana	Adilabad	Un-Ginned	6309	8735	-2426
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	NR	6609	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	652	720	-68
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	5-Dec-18	4-Dec-18	
Punjab	Bhatinda	J-34	7650	7650	Unch
	Abohar	J-34	1190	1360	-170
	Mansa	J-34	1020	850	170
Haryana	Sirsa	J-34	1700	1700	Unch
Rajasthan	Sri-Ganganagar	J-34	3500	2500	1000

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				4-Dec-18	3-Dec-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	41400	41400	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41900	41900	Unch
J-34(202)	26mm	3.5 - 4.9	23	41900	42000	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	NA	NA	-
Shankar-6(105)	29mm	3.5 - 4.9	28	44300	44300	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	45600	45600	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	46400	46400	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	58200	58200	Unch

Cotton Seed Oil Prices

Centre	Unit	Price		Change
		5-Dec-18	4-Dec-18	
Rajkot	Rs. /10 Kg.	685	685	Unch
New Delhi	Rs. /10 Kg.	675	675	Unch
Hyderabad	Rs. /10 Kg.	690	690	Unch
Mumbai	Rs. /10 Kg.	705	705	Unch

Cotton Seed Oil Seed Cake Prices

Centre	Unit	Price		Change
		5-Dec-18	4-Dec-18	
Mahesana (Kadi)	Rs./Qtl	1876	1900	-24
Akola	Rs./Qtl	1884	1902	-18

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 5-Dec-2018		
Index	RMB/Ton	Change
CCIndex(328)	15426	Unch
CCIndex(527)	14466	-13
CCIndex(229)	15931	-1
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 05-Dec-2018		
Index	Cents/lb	Change
FC Index (S)	92.47	Unch
FC Index (M)	88.57	Unch
FC Index (L)	85.57	Unch

Cotlook Index: As on 04-Dec-2018		
Cotlook Indices	Cents/Pound	Change
A-Index	86.80	Unch

USDA Cotton Spot Rates: As on 04-Dec-2018			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	77.81	80.06	0.00
North Delta	77.06	78.81	0.00
South Delta	77.06	78.81	0.00
East TX-OK	73.81	76.31	2214.00
West Texas	73.81	76.56	3856.00
Desert SW	73.31	77.31	0.00
SJ Valley	73.81	82.71	0.00

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.): Ason04-Dec-2018

Contract	Open	High	Low	Close	Change
18-Dec	79.22	79.25	78.45	78.77	-0.14
19-Mar	79.60	80.38	79.32	79.81	-0.14
19-May	80.72	81.48	80.55	80.95	-0.09
19-Jul	81.69	82.47	81.58	81.89	-0.14
19-Oct	79.10	79.10	79.10	79.10	0.15
19-Dec	77.81	78.20	77.64	78.04	Unch

Pakistan Cotton Spot rates: As on04-Dec-2018

(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8800	160	8960
Equivalent	40 Kgs	9431	171	9602

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