

Domestic Fundamentals:**Market Outlook:**

Cotton spot market prices were witnessed mixed trend on Thursday. 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:

At Akola, the crop is 135 to 140 days old at boll development and bursting stage. No infestation of weeds. Due to early withdrawal of rains, flowering and growth development stages of cotton was affected. Overall season was not good for cotton crop due to excess rainfall and heavy incidence of sucking pest in the region resulted heavy reduction of yield. Pickings are in progress.

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:

07.12. 2018, No weather warning

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:

ICE cotton futures rose about 2 percent on Wednesday, after prices broke past a key technical resistance level and on expectations of new buying of the natural fiber by China, after the recent G-20 summit. The most active cotton contract on ICE Futures U.S., the March contract settled up 1.34 cents, or 1.70 percent, at 81.15 cents per lb.

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	-0.18	21940	22030	21880	21930	1107	644	5755	-89
Jan-19	-0.14	22160	22240	22130	22160	1752	272	561	333

Spread	Dec-18		-	-	--	--
Spot	-210			-	-	-
Jan-18				-	-	-

(NB: Spread Basis = Spot- Near Month Future)
* Updated at as on 06-Dec- 2018

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	6-Dec-18	5-Dec-18	
Gujarat	Ahmedabad	Shankar-6	5600	5625	-25
	Gondal	Shankar-6	5575	5590	-15
	Rajkot	B.T. Cotton	5650	5665	-15
	Patan	B.T. Cotton	5700	5650	50
	Kadi	B.T. Cotton	5750	5800	-50
	Deesa	B.T. Cotton	5350	5325	25
	Dhrol	B.T. Cotton	5350	5440	-90
Haryana	Bhiwani	B.T. Cotton	5650	5625	25
	Bhiwani	Desi	5800	5800	Unch
	Adampur	B.T. Cotton	5450	5430	20
	Fatehabad	B.T. Cotton	5450	5460	-10
	Jind	B.T. Cotton	5660	5740	-80
	Uchana	B.T. Cotton	5450	5450	Unch
	Dabwali	B.T. Cotton	5360	5350	10
Rajasthan	Hanumangarh	B.T. Cotton	Closed	5400	-
	Rawatsar	B.T. Cotton	Closed	5280	-
Madhya Pradesh	Khandwa	Mech-1	5520	5500	20
	Khargaon	Mech-1	5505	5540	-35
Maharashtra	Amravati	Mech-1	5625	5600	25
	Jamner	Medium Staple	NA	NA	-

Uttar Pradesh	Hathras	B.T. Cotton	6000	6000	Unch
	Hathras	Desi	5000	5000	Unch
Telangana	Adilabad	Un-Ginned	NR	5242	-
Karnataka	Bijapur	Bunny	5821	5840	-19
	Hubli	D.C.H.	NR	5691	-
	Hubli	B.T. Cotton	NR	6870	-
	Raichur	H-44 Cotton	5650	5670	-20
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	6-Dec-18	5-Dec-18	
Punjab	Bhatinda	J-34	4410	4390	20
	Abohar	J-34	4420	4400	20
	Mansa	J-34	4400	4385	15
Haryana	Sirsa	J-34	4400	4380	20
Rajasthan	Sri-Ganganagar	J-34	4136	4089	47

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	6-Dec-18	5-Dec-18	
Gujarat	Ahmedabad	Shankar-6	42500	42500	Unch
	Gondal	Shankar-6	3649	3814	-165
	Rajkot	B.T. Cotton	5470	5520	-50
	Patan	B.T. Cotton	14014	16497	-2483
	Kadi	B.T. Cotton	35000	35000	Unch
	Deesa	B.T. Cotton	135	30	105
	Dhrol	B.T. Cotton	655	731	-76
Haryana	Bhiwani	B.T. Cotton	7000	4000	3000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	680	935	-255
	Fatehabad	B.T. Cotton	1200	1200	Unch
	Jind	B.T. Cotton	1505	1250	255
	Uchana	B.T. Cotton	2835	3450	-615
	Dabwali	B.T. Cotton	1150	850	300
Rajasthan	Hanumangarh	B.T. Cotton	Closed	2500	-
	Rawatsar	B.T. Cotton	Closed	2000	-
Madhya Pradesh	Khandwa	Mech-1	4050	4065	-15
	Khargaon	Mech-1	9070	6730	2340
Maharashtra	Amravati	Mech-1	11000	14000	-3000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	90	75	15
	Hathras	Desi	100	100	Unch
Telangana	Adilabad	Un-Ginned	NR	6309	-

Karnataka	Bijapur	Bunny	4277	4076	201
	Hubli	D.C.H.	NR	160	-
	Hubli	B.T. Cotton	NR	36	-
	Raichur	H-44 Cotton	592	652	-60
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	6-Dec-18	5-Dec-18	
Punjab	Bhatinda	J-34	7650	7650	Unch
	Abohar	J-34	1190	1190	Unch
	Mansa	J-34	850	1020	-170
Haryana	Sirsa	J-34	1700	1700	Unch
Rajasthan	Sri-Ganganagar	J-34	2500	3500	-1000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	6-Dec-18	5-Dec-18	
Gujarat	Rajkot	Rs. /10 Kg.	685	685	Unch
Delhi	New Delhi	Rs. /10 Kg.	675	675	Unch
Telangana	Hyderabad	Rs. /10 Kg.	690	690	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	705	705	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	6-Dec-18	5-Dec-18	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1875	1876	-1
Maharashtra	Akola	Rs./Qtl	1879	1884	-5

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State	Centre	Unit	6-Dec-18	5-Dec-18	
Gujarat	Rajkot	Rs. /10 Kg.	685	685	Unch
Delhi	New Delhi	Rs. /10 Kg.	675	675	Unch
Telangana	Hyderabad	Rs. /10 Kg.	690	690	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	705	705	Unch

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State	Centre	Unit	6-Dec-18	5-Dec-18	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1875	1876	-1
Maharashtra	Akola	Rs./Qtl	1879	1884	-5

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				5-Dec-18	4-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	41900	Unch
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	NA	NA	-
Shankar-6(105)	29mm	3.5 – 4.9	28	44200	44300	-100
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

INTERNATIONAL PRICES AND INDICES

China Cotton Index:

Index	Unit	6-Dec-18	5-Dec-18	Change
CCIndex(328)	RMB/Ton	15423	15426	-3
CCIndex(527)	RMB/Ton	14465	14466	-1
CCIndex(229)	RMB/Ton	15921	15931	-10
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	6-Dec-18	5-Dec-18	Change
FC Index (S)	Cents/lb	93.46	92.47	0.99
FC Index (M)	Cents/lb	89.57	88.57	1.00
FC Index (L)	Cents/lb	86.82	85.57	1.25

Cotlook Index:

Cotlook Indices	Unit	5-Dec-18	4-Dec-18	Change
A-Index	Cents/Pound	87.8	86.8	1.00

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		5-Dec-18	5-Dec-18	Bales
Southeast	cents/lb.	77.81	80.06	0
North Delta	cents/lb.	77.06	78.81	0
South Delta	cents/lb.	77.06	78.81	0
East TX-OK	cents/lb.	73.81	76.31	2214
West Texas	cents/lb.	73.81	76.56	3856
Desert SW	cents/lb.	73.31	77.31	0

SJ Valley	cents/lb.	73.81	82.71	0
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.): Ason05-Dec-2018					
Contract	Open	High	Low	Close	Change
18-Dec	80.11	80.11	80.11	80.11	1.34
19-Mar	79.91	81.30	79.66	81.15	1.34
19-May	81.02	82.24	80.83	82.09	1.14
19-Jul	81.98	82.98	81.79	82.78	0.89
19-Oct	79.63	79.63	79.63	79.63	0.53
19-Dec	78.05	78.39	77.85	78.37	0.33

Pakistan Cotton Spot rates: As on05-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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