

Domestic Fundamentals:

Market Outlook:

Cotton spot market prices expected to trade remain sideways to weak tone due to sluggish demand. Arrivals are also down an further expectation to be in slow pace as sellers want better prices. In long run, prices may get support to rise after export demand from China, Bangladesh, Vietnam and opening up of Pakistan market.

In the News:

The country has exported close to 10 lakh bales of cotton so far to Bangladesh, Vietnam and Indonesia this kharif season, according to industry experts. The total exports are likely to touch 65 lakh bales even as cotton purchases made by the Cotton Corporation of India remain tepid on weak arrivals. The cotton prices are hovering around minimum support prices (MSP) of Rs 5,150 per quintal for medium staple variety and Rs.5,450 per quintal for long staple variety. The MSP for this season is Rs 1,130 per quintal higher as compared to last year.

In the international cotton market, cotton prices have dropped from 84 to 79 cents on New York futures in last 15 days. The candy rates (356 kg) for the commodity have come down to `44,000 from `47,500. However, the prices of the commodity in Maharashtra, Telangana, Madhya Pradesh are stable on poor arrivals.

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:

10.12. 2018: Heavy rain/snow very likely at isolated places over Jammu & Kashmir. Heavy rain very likely at isolated places over Andaman & Nicobar Islands.

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	0.05	21730	21860	21650	21800	418	-689	5645	-110
Jan-19	-0.05	21950	22080	21940	22020	241	-1511	1791	1230

Spread	Dec-18		-	-	--	--
Spot	-220			-	-	-
Jan-19				-	-	-

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

* Updated at as on 07-Dec- 2018

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	8-Dec-18	7-Dec-18	
Gujarat	Ahmedabad	Shankar-6	5650	5650	Unch
	Gondal	Shankar-6	5620	5570	50
	Rajkot	B.T. Cotton	5650	5650	Unch
	Patan	B.T. Cotton	5685	5625	60
	Kadi	B.T. Cotton	5750	5775	-25
	Deesa	B.T. Cotton	5275	5350	-75
	Dhrol	B.T. Cotton	5505	5390	115
Haryana	Bhiwani	B.T. Cotton	5650	5650	Unch
	Bhiwani	Desi	5800	5800	Unch
	Adampur	B.T. Cotton	5480	5425	55
	Fatehabad	B.T. Cotton	5450	5460	-10
	Jind	B.T. Cotton	5660	5725	-65

	Uchana	B.T. Cotton	5480	5445	35
	Dabwali	B.T. Cotton	5390	5375	15
Rajasthan	Hanumangarh	B.T. Cotton	5500	Closed	-
	Rawatsar	B.T. Cotton	Closed	Closed	-
Madhya Pradesh	Khandwa	Mech-1	5450	5450	Unch
	Khargaon	Mech-1	5615	5550	65
Maharashtra	Amravati	Mech-1	5650	Closed	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5900	5950	-50
	Hathras	Desi	4900	4975	-75
Telangana	Adilabad	Un-Ginned	NR	Closed	-
Karnataka	Bijapur	Bunny	NR	5887	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5680	NR	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	8-Dec-18	7-Dec-18	
Punjab	Bhatinda	J-34	4420	4390	30
	Abohar	J-34	4425	4400	25
	Mansa	J-34	4400	4385	15
Haryana	Sirsa	J-34	4410	4390	20
Rajasthan	Sri-Ganganagar	J-34	4136	Closed	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	8-Dec-18	7-Dec-18	
Gujarat	Ahmedabad	Shankar-6	42500	42500	Unch
	Gondal	Shankar-6	2755	3393	-638
	Rajkot	B.T. Cotton	5400	5600	-200
	Patan	B.T. Cotton	14740	13689	1051
	Kadi	B.T. Cotton	35000	35000	Unch
	Deesa	B.T. Cotton	135	125	10
	Dhrol	B.T. Cotton	687	639	48
Haryana	Bhiwani	B.T. Cotton	3000	3000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	850	510	340
	Fatehabad	B.T. Cotton	1100	1200	-100
	Jind	B.T. Cotton	980	1200	-220
	Uchana	B.T. Cotton	3560	3020	540
	Dabwali	B.T. Cotton	1000	1100	-100
Rajasthan	Hanumangarh	B.T. Cotton	1800	Closed	-

	Rawatsar	B.T. Cotton	Closed	Closed	-
Madhya Pradesh	Khandwa	Mech-1	4140	4140	Unch
	Khargaon	Mech-1	11060	3670	7390
Maharashtra	Amravati	Mech-1	8000	Closed	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	200	100	100
	Hathras	Desi	100	150	-50
Telangana	Adilabad	Un-Ginned	NR	Closed	-
Karnataka	Bijapur	Bunny	NR	2550	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	555	NR	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	8-Dec-18	7-Dec-18	
Punjab	Bhatinda	J-34	7650	7650	Unch
	Abohar	J-34	1190	1360	-170
	Mansa	J-34	850	1020	-170
Haryana	Sirsa	J-34	1700	1700	Unch
Rajasthan	Sri-Ganganagar	J-34	2500	Closed	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	8-Dec-18	7-Dec-18	
Gujarat	Rajkot	Rs. /10 Kg.	695	685	10
Delhi	New Delhi	Rs. /10 Kg.	680	675	5
Telangana	Hyderabad	Rs. /10 Kg.	675	690	-15
Maharashtra	Mumbai	Rs. /10 Kg.	700	705	-5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	8-Dec-18	7-Dec-18	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1888	1883	5
Maharashtra	Akola	Rs./Qtl	1900	1891	9

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				7-Dec-18	6-Dec-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	41300	41400	-100
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41800	41900	-100

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	44400	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	45500	45600	-100
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	8-Dec-18	7-Dec-18	Change
CCIndex(328)	RMB/Ton	Closed	15402	-
CCIndex(527)	RMB/Ton	Closed	14450	-
CCIndex(229)	RMB/Ton	Closed	15893	-
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	8-Dec-18	7-Dec-18	Change
FC Index (S)	Cents/lb	Closed	91.72	-
FC Index (M)	Cents/lb	Closed	87.85	-
FC Index (L)	Cents/lb	Closed	84.94	-

Cotlook Index:

Cotlook Indices	Unit	7-Dec-18	6-Dec-18	Change
A-Index	Cents/Pound	NR	89.2	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		7-Dec-18	7-Dec-18	Bales
Southeast	cents/lb.	NR	NR	NR
North Delta	cents/lb.	NR	NR	NR
South Delta	cents/lb.	NR	NR	NR
East TX-OK	cents/lb.	NR	NR	NR
West Texas	cents/lb.	NR	NR	NR
Desert SW	cents/lb.	NR	NR	NR
SJ Valley	cents/lb.	NR	NR	NR

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.): Ason07-Dec-2018

Contract	Open	High	Low	Close	Change
18-Dec	78.90	80.93	78.80	80.23	1.15
19-Mar	80.09	81.91	79.98	81.17	0.91
19-May	80.96	82.55	80.90	81.73	0.61
19-Jul	78.81	78.81	78.81	78.81	0.53
19-Oct	77.40	78.35	77.35	78.03	0.55
19-Dec	78.20	78.85	78.20	78.63	0.46

Pakistan Cotton Spot rates: As on 06-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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