

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: Huge volatility was seen in NY Furures as well as in Indian Physical market. Trade truce between china and US was main factor during this week. In spite of sluggish US export Sales, US Futures remained firm on news of OPEC Oil production cut and 5% increased in crude oil prices Due to sluggish buying in yarn and cloths mills are not interested to build inventories and runing hand to mouth.

Daily arrivals are around 160'000 bales. Trading activities remained lackluster with slow demand from the export market and domestic mills. The Cotton Corporation of india has procured about 51'000 bales at the minimum Support Price in the current season.

In AP and Telanagana states cotton yields have fallen significantly, in red soil starches, yields have fallen by up to 60 Per cent, while in black soil areas, it is a 50 per cent drop. Against the average of 8-10 quintals an acre, farmers have got 2-6 quintals depending on the availability of water and the intensity of the Pink bollworm attack. Poor yields have resulted in reduction in cotton arrivals at markets.

India's cotton exports, which had slowed in November due to adverse currency movements and volatile prices. Since October, deals for the export of over 2.5 million bales of cotton have been signed, of this total quantity around 1.5 mln bales have already shipped, while the rest will be exported in Dec-Jan. The deals struck at 84-86 cents per pound, are for exports to Bangladesh, Vietnam, Indonesia, Pakistan and China.

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.

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 ginner 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.

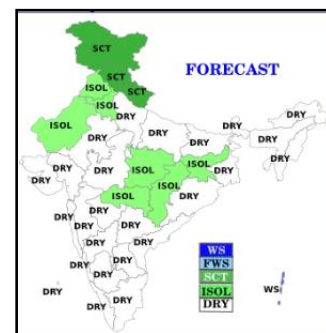
According to the Cotton Advisory board, the cotton production of India is placed 2 to 3% lower to 36 mln bales in 2018-19 as compared to its estimates of 2017-18 followed by lower production estimates in Gujarat and Maharashtra on account of scanty rains. As per IMD, Gujarat got 484.6 mm rainfall, 28%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

Weather Update:

12.12.2018: Dense fog at isolated places is very likely over Punjab, Haryana, Chandigarh & Delhi and West Uttar Pradesh.

Squally wind speed reaching 45-55 kmph gusting to 60 kmph likely over central parts of south Bay of Bengal and adjoining equatorial Indian ocean. Sea condition likely to be rough to very rough. Fishermen are advised not to venture into these areas



International Fundamentals:

ICE cotton futures fell on Monday, as tumbling stock markets weakened appetite for riskier assets and on global demand concerns for the natural fiber ahead of the World Agricultural Supply and Demand Estimates (WASDE) report due on Tuesday. The most active cotton contract on ICE Futures U.S., the March contract, fell 0.59 cent, or 0.7 percent, to 79.64 cents per lb at 1:15 p.m. EST (1815 GMT). It traded within a range of 79.35 and 80.60 cents.

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	-0.09	22210	22250	22070	22160	987	-283	5446	-122
Jan-19	-0.09	22440	22510	22320	22410	644	-54	2118	118

Spread	Dec-18		-	-	--	--
Spot	-260			-	-	-
Jan-19				-	-	-

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

* Updated at as on 11-Dec- 2018

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	11-Dec-18	10-Dec-18	
Gujarat	Ahmedabad	Shankar-6	5700	5700	Unch
	Gondal	Shankar-6	5815	5705	110
	Rajkot	B.T. Cotton	5765	5725	40
	Patan	B.T. Cotton	5725	5725	Unch
	Kadi	B.T. Cotton	5800	5800	Unch
	Deesa	B.T. Cotton	5415	5350	65
	Dhrol	B.T. Cotton	5605	5545	60
Haryana	Bhiwani	B.T. Cotton	5750	5700	50
	Bhiwani	Desi	5800	5800	Unch
	Adampur	B.T. Cotton	5540	5540	Unch
	Fatehabad	B.T. Cotton	5525	5525	Unch
	Jind	B.T. Cotton	5750	5780	-30
	Uchana	B.T. Cotton	5520	5520	Unch
	Dabwali	B.T. Cotton	5460	5480	-20
Rajasthan	Hanumangarh	B.T. Cotton	NR	5500	-
	Rawatsar	B.T. Cotton	5420	5500	-80
Madhya Pradesh	Khandwa	Mech-1	5545	5450	95

	Khargaon	Mech-1	5560	5555	5
Maharashtra	Amravati	Mech-1	5700	5700	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5900	5900	Unch
	Hathras	Desi	4900	4900	Unch
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NR	5889	-
	Hubli	D.C.H.	5701	5721	-20
	Hubli	B.T. Cotton	6109	6790	-681
	Raichur	H-44 Cotton	5710	5700	10
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	11-Dec-18	10-Dec-18	
Punjab	Bhatinda	J-34	4480	4460	20
	Abohar	J-34	4490	4450	40
	Mansa	J-34	4470	4450	20
Haryana	Sirsa	J-34	4480	4460	20
Rajasthan	Sri-Ganganagar	J-34	4136	4136	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	11-Dec-18	10-Dec-18	
Gujarat	Ahmedabad	Shankar-6	42500	51000	-8500
	Gondal	Shankar-6	2935	2910	25
	Rajkot	B.T. Cotton	5500	5800	-300
	Patan	B.T. Cotton	12282	11130	1152
	Kadi	B.T. Cotton	20000	20000	Unch
	Deesa	B.T. Cotton	70	135	-65
	Dhrol	B.T. Cotton	650	585	65
Haryana	Bhiwani	B.T. Cotton	5000	4000	1000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	680	850	-170
	Fatehabad	B.T. Cotton	600	900	-300
	Jind	B.T. Cotton	1100	1400	-300
	Uchana	B.T. Cotton	3380	4665	-1285
	Dabwali	B.T. Cotton	750	1250	-500
Rajasthan	Hanumangarh	B.T. Cotton	NR	7000	-
	Rawatsar	B.T. Cotton	250	2000	-1750
Madhya Pradesh	Khandwa	Mech-1	4305	4100	205
	Khargaon	Mech-1	11160	6680	4480
Maharashtra	Amravati	Mech-1	8000	7500	500
	Jamner	Medium Staple	NA	NA	-

Uttar Pradesh	Hathras	B.T. Cotton	100	95	5
	Hathras	Desi	120	100	20
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NR	5172	-
	Hubli	D.C.H.	58	152	-94
	Hubli	B.T. Cotton	2	240	-238
	Raichur	H-44 Cotton	817	1102	-285
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	11-Dec-18	10-Dec-18	
Punjab	Bhatinda	J-34	7650	7650	Unch
	Abohar	J-34	1190	1020	170
	Mansa	J-34	850	1020	-170
Haryana	Sirsa	J-34	850	1700	-850
Rajasthan	Sri-Ganganagar	J-34	2500	2000	500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	11-Dec-18	10-Dec-18	
Gujarat	Rajkot	Rs. /10 Kg.	710	710	Unch
Delhi	New Delhi	Rs. /10 Kg.	685	680	5
Telangana	Hyderabad	Rs. /10 Kg.	705	705	Unch
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	11-Dec-18	10-Dec-18	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1930	1925	5
Maharashtra	Akola	Rs./Qtl	1937	1915	22

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				10-Dec-18	8-Dec-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	41500	41300	200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	42000	41800	200
J-34(202)	26mm	3.5 - 4.9	23	42300	42000	300
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	43300	NA	-
Shankar-6(105)	29mm	3.5 – 4.9	28	44700	44400	300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	45800	45500	300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	46600	46400	200

DCH-32(107)	34mm	3.0 - 3.8	33	58400	58200	200
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INTERNATIONAL PRICES AND INDICES

China Cotton Index:

Index	Unit	11-Dec-18	10-Dec-18	Change
CCIndex(328)	RMB/Ton	15406	15403	3
CCIndex(527)	RMB/Ton	14446	14447	-1
CCIndex(229)	RMB/Ton	15895	15893	2
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	11-Dec-18	10-Dec-18	Change
FC Index (S)	Cents/lb	92.34	92.64	-0.30
FC Index (M)	Cents/lb	88.54	88.85	-0.31
FC Index (L)	Cents/lb	85.69	85.94	-0.25

Cotlook Index:

Cotlook Indices	Unit	10-Dec-18	8-Dec-18	Change
A-Index	Cents/Pound	NR	Closed	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		10-Dec-18	10-Dec-18	Bales
Southeast	cents/lb.	77.88	80.13	NIL
North Delta	cents/lb.	77.13	78.88	1100
South Delta	cents/lb.	77.13	78.88	NIL
East TX-OK	cents/lb.	73.88	76.38	345
West Texas	cents/lb.	73.88	76.63	2194
Desert SW	cents/lb.	73.38	77.63	202
SJ Valley	cents/lb.	73.88	82.78	NIL

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.): Ason10-Dec-2018

Contract	Open	High	Low	Close	Change
19-Mar	80.35	80.60	79.35	79.88	-0.35
19-May	81.19	81.57	80.50	80.89	-0.28
19-Jul	81.79	82.13	81.25	81.46	-0.27
19-Oct	78.54	78.54	78.54	78.54	-0.27

19-Dec	77.85	78.13	77.53	77.63	-0.40
20-Mar	78.38	78.42	78.31	78.31	-0.32

Pakistan Cotton Spot rates: As on 10-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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