

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: 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 ginners and millers at higher prices," a senior official at Cotton Corp said.

Weather Forecast for tomorrow:

During the next 24 hours, rain and snow are expected over many parts of Jammu and Kashmir, Himachal Pradesh and few places of Uttarakhand. Light to moderate rain is expected over Punjab, Haryana, parts of Rajasthan, Jharkhand, Odisha, Chhattisgarh, parts of Telangana and Vidarbha. Isolated rains are likely over Kerala, Delhi and Assam. Light to moderate rains with few heavy spells are possible over Andaman and Nicobar Island.

International Fundamentals:

This month's 2018/19 U.S. cotton forecasts include slightly higher production and ending stocks. Production is raised 180,000 bales due mainly to a 300,000-bale increase in Texas. Domestic mill use and exports are unchanged. Ending stocks, forecast at 4.4 million bales in 2018/19, are 100,000 bales above both last month and the 2017/18 estimate. The forecast range for the marketing year average price received by producers is unchanged from November, 71 to 77 cents per pound, with a midpoint of 74 cents.

The global 2018/19 forecasts compared with last month include lower production, lower consumption, higher trade, and slightly higher ending stocks. Global production is 645,000 bales lower with smaller crops in Pakistan, China, India, Turkmenistan, and Turkey. These changes more than offset a 1.0-million-bale increase in Brazil and smaller increases in the United States and Cote d'Ivoire. Global consumption is 1.3 million bales lower largely due to a 1.0-million-bale decline for China, but consumption is also lower in Pakistan, Turkey, and Uzbekistan. Global trade is 600,000 bales higher, with imports up in Pakistan, India, and Malaysia, while exports are higher from Brazil, Argentina, Cote d'Ivoire, India and Uzbekistan. Projected 2018/19 global ending stocks are nearly 600,000 bales higher this month, but at 73.2 million bales are down 7.3 million bales from the year before.

ICE cotton futures recoiled on Tuesday having fallen earlier in the day after a global supply and demand data projected a slight increase in U.S. stocks for the natural fiber. The contract for March fell briefly, immediately following the release of the monthly World Agriculture Supply and Demand Estimates (WASDE) data by the U.S. government, before settling up 0.14 cent, or 0.18 percent, at 80.02 cents per lb. It traded within a range of 79.11 and 80.66 cents a 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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-18	-0.45	22180	22200	22110	22120	1051	64	5152	-294
Jan-19	-0.45	22420	22460	22350	22360	581	-63	2328	210

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

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

* Updated at as on 12-Dec- 2018

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	12-Dec-18	11-Dec-18	
Gujarat	Ahmedabad	Shankar-6	5700	5700	Unch
	Gondal	Shankar-6	5715	5815	-100
	Rajkot	B.T. Cotton	5745	5765	-20
	Patan	B.T. Cotton	5690	5725	-35
	Kadi	B.T. Cotton	5900	5800	100
	Deesa	B.T. Cotton	5450	5415	35
	Dhrol	B.T. Cotton	5645	5605	40
Haryana	Bhiwani	B.T. Cotton	5725	5750	-25
	Bhiwani	Desi	5800	5800	Unch
	Adampur	B.T. Cotton	5525	5540	-15
	Fatehabad	B.T. Cotton	5500	5525	-25
	Jind	B.T. Cotton	5780	5750	30
	Uchana	B.T. Cotton	5575	5520	55
	Dabwali	B.T. Cotton	5460	5460	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5550	NR	-
	Rawatsar	B.T. Cotton	5440	5420	20
Madhya Pradesh	Khandwa	Mech-1	5580	5545	35
	Khargaon	Mech-1	NR	5560	-
Maharashtra	Amravati	Mech-1	5700	5700	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5700	5900	-200
	Hathras	Desi	4900	4900	Unch
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	5929	5958	-29
	Hubli	D.C.H.	NR	5701	-
	Hubli	B.T. Cotton	NR	6109	-
	Raichur	H-44 Cotton	5700	5710	-10
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	12-Dec-18	11-Dec-18	
Punjab	Bhatinda	J-34	4485	4480	5
	Abohar	J-34	4480	4490	-10
	Mansa	J-34	4465	4470	-5
Haryana	Sirsa	J-34	4480	4480	Unch
Rajasthan	Sri-Ganganagar	J-34	4136	4136	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	12-Dec-18	11-Dec-18	
Gujarat	Ahmedabad	Shankar-6	68000	42500	25500
	Gondal	Shankar-6	2412	2935	-523
	Rajkot	B.T. Cotton	6200	5500	700
	Patan	B.T. Cotton	10960	12282	-1322
	Kadi	B.T. Cotton	30000	20000	10000
	Deesa	B.T. Cotton	50	70	-20
	Dhrol	B.T. Cotton	587	650	-63
Haryana	Bhiwani	B.T. Cotton	4000	5000	-1000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	680	680	Unch
	Fatehabad	B.T. Cotton	300	600	-300
	Jind	B.T. Cotton	471	1100	-629
	Uchana	B.T. Cotton	2590	3380	-790
	Dabwali	B.T. Cotton	925	750	175
Rajasthan	Hanumangarh	B.T. Cotton	2500	NR	-
	Rawatsar	B.T. Cotton	300	250	50
Madhya Pradesh	Khandwa	Mech-1	1050	4305	-3255
	Khargaon	Mech-1	NR	11160	-
Maharashtra	Amravati	Mech-1	9000	8000	1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	120	100	20
	Hathras	Desi	50	120	-70
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	3646	3376	270
	Hubli	D.C.H.	NR	58	-
	Hubli	B.T. Cotton	NR	2	-
	Raichur	H-44 Cotton	735	817	-82
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	12-Dec-18	11-Dec-18	
Punjab	Bhatinda	J-34	5950	7650	-1700
	Abohar	J-34	850	1190	-340
	Mansa	J-34	510	850	-340
Haryana	Sirsa	J-34	170	850	-680
Rajasthan	Sri-Ganganagar	J-34	3500	2500	1000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	12-Dec-18	11-Dec-18	

Gujarat	Rajkot	Rs. /10 Kg.	710	710	Unch
Delhi	New Delhi	Rs. /10 Kg.	685	685	Unch
Telangana	Hyderabad	Rs. /10 Kg.	705	705	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	718	700	18

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	12-Dec-18	11-Dec-18	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1919	1930	-11
Maharashtra	Akola	Rs./Qtl	1933	1937	-4

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				11-Dec-18	10-Dec-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	41500	41500	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	42000	42000	Unch
J-34(202)	26mm	3.5 - 4.9	23	42500	42300	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	43300	43300	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	44700	44700	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	45800	45800	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	46600	46600	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	58400	58400	Unch

INTERNATIONAL PRICES AND INDICES

China Cotton Index:

Index	Unit	12-Dec-18	11-Dec-18	Change
CCIndex(328)	RMB/Ton	15405	15406	-1
CCIndex(527)	RMB/Ton	14443	14446	-3
CCIndex(229)	RMB/Ton	15895	15895	Unch
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	12-Dec-18	11-Dec-18	Change
FC Index (S)	Cents/lb	92.52	92.34	0.18
FC Index (M)	Cents/lb	88.71	88.54	0.17
FC Index (L)	Cents/lb	85.89	85.69	0.20

Cotlook Index:

Cotlook Indices	Unit	11-Dec-18	10-Dec-18	Change
A-Index	Cents/Pound	88.25	NR	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		11-Dec-18	11-Dec-18	Bales
Southeast	cents/lb.	78.02	80.27	NIL
North Delta	cents/lb.	77.27	79.02	1100
South Delta	cents/lb.	77.27	79.02	NIL
East TX-OK	cents/lb.	74.02	76.52	3763
West Texas	cents/lb.	74.02	76.77	5425
Desert SW	cents/lb.	73.52	77.77	NIL
SJ Valley	cents/lb.	74.02	82.92	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.): Ason11-Dec-2018

Contract	Open	High	Low	Close	Change
19-Mar	79.88	80.66	79.11	80.02	0.14
19-May	81.05	81.73	80.29	81.13	0.24
19-Jul	81.65	82.29	81.01	81.72	0.26
19-Oct	78.80	78.80	78.80	78.80	0.26
19-Dec	77.83	78.13	77.41	77.82	0.19
20-Mar	78.73	78.82	78.52	78.52	0.21

Pakistan Cotton Spot rates: As on11-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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