

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 states, 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, isolated rain and snow are expected over parts of Himachal Pradesh and Uttarakhand. Fairly widespread moderate to heavy rains are possible over Andaman and Nicobar Islands. Light rain is expected over Coastal Tamil Nadu and Kerala. Isolated light rains are likely over Jharkhand, West Uttar Pradesh, Chhattisgarh, Odisha, Vidarbha and Marathwada, Arunachal Pradesh, Assam, Manipur and Nagaland. Shallow to moderate fog can be seen over Punjab, Haryana, West Uttar Pradesh and Delhi NCR, with few pockets recording thick fog in some pockets. Both the maximum and minimum temperatures would witness marginal decrease across these regions.

International Fundamentals:

ICE cotton futures were a touch weaker on Wednesday in light trading on concerns of global demand for the natural fiber, especially after a U.S. government data raised production estimates for the local crop. The most active cotton contract on ICE Futures U.S., the March contract, fell 0.12 cent, or 0.15 percent, at 79.90 cents per lb at 1:30 p.m. EST (1830 GMT). The contract traded in an extremely tight range between 79.57 and 80.3 cents a lb.

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	-0.59	22030	22110	21920	21940	1104	53	5098	-54
Jan-19	-0.63	22270	22340	22170	22170	611	30	2424	96

Spread	Dec-18		-	-	--	--
Spot	-230		-	-	-	-
Jan-19			-	-	-	-

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

* Updated at as on 13-Dec- 2018

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	13-Dec-18	12-Dec-18	
Gujarat	Ahmedabad	Shankar-6	5650	5700	-50
	Gondal	Shankar-6	5620	5715	-95
	Rajkot	B.T. Cotton	5750	5745	5
	Patan	B.T. Cotton	5665	5690	-25
	Kadi	B.T. Cotton	5750	5900	-150
	Deesa	B.T. Cotton	5450	5450	Unch
	Dhrol	B.T. Cotton	5500	5645	-145
Haryana	Bhiwani	B.T. Cotton	5700	5725	-25
	Bhiwani	Desi	5800	5800	Unch
	Adampur	B.T. Cotton	5500	5525	-25
	Fatehabad	B.T. Cotton	5475	5500	-25
	Jind	B.T. Cotton	5730	5780	-50
	Uchana	B.T. Cotton	5575	5575	Unch
	Dabwali	B.T. Cotton	5400	5460	-60
Rajasthan	Hanumangarh	B.T. Cotton	5500	5550	-50
	Rawatsar	B.T. Cotton	5410	5440	-30
Madhya Pradesh	Khandwa	Mech-1	5660	5580	80
	Khargaon	Mech-1	5555	NR	-
Maharashtra	Amravati	Mech-1	5650	5700	-50
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5400	5700	-300
	Hathras	Desi	4800	4900	-100
Telangana	Adilabad	Un-Ginned	5450	NR	-
Karnataka	Bijapur	Bunny	5978	5929	49
	Hubli	D.C.H.	NR	5711	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5700	5700	Unch
Commodity	Lint		Prices (Rs./Mound)		Change
State	Centre	Variety	13-Dec-18	12-Dec-18	
Punjab	Bhatinda	J-34	4470	4485	-15
	Abohar	J-34	4475	4480	-5
	Mansa	J-34	4450	4465	-15
Haryana	Sirsa	J-34	4460	4480	-20
Rajasthan	Sri-Ganganagar	J-34	4136	4136	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	13-Dec-18	12-Dec-18	
Gujarat	Ahmedabad	Shankar-6	59500	68000	-8500
	Gondal	Shankar-6	2994	2412	582
	Rajkot	B.T. Cotton	6000	6200	-200
	Patan	B.T. Cotton	9975	10960	-985
	Kadi	B.T. Cotton	30000	30000	Unch
	Deesa	B.T. Cotton	60	50	10
	Dhrol	B.T. Cotton	501	587	-86
Haryana	Bhiwani	B.T. Cotton	4000	4000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	340	680	-340
	Fatehabad	B.T. Cotton	300	300	Unch
	Jind	B.T. Cotton	451	471	-20
	Uchana	B.T. Cotton	2500	2590	-90
	Dabwali	B.T. Cotton	700	925	-225
Rajasthan	Hanumangarh	B.T. Cotton	4000	2500	1500
	Rawatsar	B.T. Cotton	1000	300	700
Madhya Pradesh	Khandwa	Mech-1	2610	1050	1560
	Khargaon	Mech-1	6690	NR	-
Maharashtra	Amravati	Mech-1	11000	9000	2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	60	120	-60
	Hathras	Desi	30	50	-20
Telangana	Adilabad	Un-Ginned	6674	NR	-
Karnataka	Bijapur	Bunny	3628	3646	-18
	Hubli	D.C.H.	NR	17	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	570	735	-165
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	13-Dec-18	12-Dec-18	
Punjab	Bhatinda	J-34	8500	5950	2550
	Abohar	J-34	1190	850	340
	Mansa	J-34	850	510	340
Haryana	Sirsa	J-34	1020	170	850
Rajasthan	Sri-Ganganagar	J-34	5000	3500	1500

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	13-Dec-18	12-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.	735	718	17

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	13-Dec-18	12-Dec-18	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1904	1919	-15
Maharashtra	Akola	Rs./Qtl	1924	1933	-9

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				12-Dec-18	11-Dec-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	41400	41500	-100
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41900	42000	-100
J-34(202)	26mm	3.5 - 4.9	23	42400	42500	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	43200	43300	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	44600	44700	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	45600	45800	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	46400	46600	-200
DCH-32(107)	34mm	3.0 - 3.8	33	58200	58400	-200

INTERNATIONAL PRICES AND INDICES

China Cotton Index:

Index	Unit	13-Dec-18	12-Dec-18	Change
CCIndex(328)	RMB/Ton	15405	15405	Unch
CCIndex(527)	RMB/Ton	14440	14443	-3
CCIndex(229)	RMB/Ton	15893	15895	-2
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	13-Dec-18	12-Dec-18	Change
FC Index (S)	Cents/lb	92.52	92.52	Unch
FC Index (M)	Cents/lb	88.71	88.71	Unch
FC Index (L)	Cents/lb	85.89	85.89	Unch

Cotlook Index:

Cotlook Indices	Unit	12-Dec-18	11-Dec-18	Change
A-Index	Cents/Pound	88.3	88.25	0.05

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		12-Dec-18	12-Dec-18	Bales
Southeast	cents/lb.	77.97	80.22	0
North Delta	cents/lb.	77.22	78.97	0
South Delta	cents/lb.	77.22	78.97	0
East TX-OK	cents/lb.	73.97	76.47	2078
West Texas	cents/lb.	73.97	76.72	4056
Desert SW	cents/lb.	73.72	77.97	500
SJ Valley	cents/lb.	74.22	83.12	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.): Ason12-Dec-2018

Contract	Open	High	Low	Close	Change
19-Mar	80.14	80.30	79.57	79.97	-0.05
19-May	81.25	81.42	80.66	81.01	-0.12
19-Jul	81.84	81.97	81.26	81.55	-0.17
19-Oct	78.55	78.55	78.55	78.55	-0.25
19-Dec	77.94	77.94	77.55	77.73	-0.09
20-Mar	78.41	78.41	78.41	78.41	-0.11

Pakistan Cotton Spot rates: As on12-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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