

**Domestic Fundamentals:****Market Outlook:**

Cotton spot market prices expected to trade remain sideways to weak tone due to sluggish demand. Arrivals are also down on 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:*** Arrivals of cotton this year during Oct-Nov stood at 65.79 lakh bales, about 31% lower than the 95.09 lakh bales in the corresponding period last year. However this huge drop does not seem to have triggered a demand. Despite lower arrivals, prices have dropped due to slack demand from textile mills and multinational traders. Arrivals are likely to increase pace from middle of this month since the assembly elections got over in the states of Telangana and Rajasthan.

***The cotton prices in Gujarat are at Rs 44300-44700 per candy of 355 kg during the week as compared to Rs 38000-38700 per candy in the corresponding period last year.*** However the MCX 29mm contract for December month is trading in the range of 21'500 to 22'300. Prices are likely to consolidate in the short term and the overall trend remains bearish.

***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 Telangana 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, scattered rains with isolated snowfall are expected to continue over Jammu and Kashmir, Himachal Pradesh and Uttarakhand. Isolated rains are likely over Northwest Uttar Pradesh, Jharkhand, Telangana and Kerala. Scattered rains are expected over Odisha and Andaman and Nicobar Islands. Day and night temperatures are expected to fall over entire Northwest and Central India. Delhi pollution is expected to improve further.*

### **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	0.46	21800	21980	21750	21920	1206	102	4896	-202
Jan-19	0.45	22020	22240	22000	22170	878	267	2805	381

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

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

\* Updated at as on 14-Dec- 2018

**DOMESTIC PRICES AND ARRIVALS**

**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	15-Dec-18	14-Dec-18	
Gujarat	Ahmedabad	Shankar-6	5700	5600	100
	Gondal	Shankar-6	5610	5595	15
	Rajkot	B.T. Cotton	5690	5650	40
	Patan	B.T. Cotton	5655	5625	30
	Kadi	B.T. Cotton	5800	5800	Unch
	Deesa	B.T. Cotton	5400	5450	-50
	Dhrol	B.T. Cotton	5360	5430	-70
Haryana	Bhiwani	B.T. Cotton	5725	5700	25
	Bhiwani	Desi	5800	5800	Unch
	Adampur	B.T. Cotton	5500	5475	25
	Fatehabad	B.T. Cotton	5450	5430	20
	Jind	B.T. Cotton	5650	5630	20
	Uchana	B.T. Cotton	5570	5570	Unch
	Dabwali	B.T. Cotton	5445	5390	55
Rajasthan	Hanumangarh	B.T. Cotton	5430	5450	-20
	Rawatsar	B.T. Cotton	5410	5400	10
Madhya Pradesh	Khandwa	Mech-1	5625	5620	5
	Khargaon	Mech-1	5530	5550	-20
Maharashtra	Amravati	Mech-1	5550	5640	-90
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5800	5700	100
	Hathras	Desi	4900	4900	Unch
Telangana	Adilabad	Un-Ginned	5505	5505	Unch

Karnataka	Bijapur	Bunny	NR	5989	-
	Hubli	D.C.H.	NR	5650	-
	Hubli	B.T. Cotton	NR	6725	-
	Raichur	H-44 Cotton	5711	5690	21
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	15-Dec-18	14-Dec-18	
Punjab	Bhatinda	J-34	4440	4425	15
	Abohar	J-34	4450	4440	10
	Mansa	J-34	4430	4425	5
Haryana	Sirsa	J-34	4430	4420	10
Rajasthan	Sri-Ganganagar	J-34	4136	4136	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	15-Dec-18	14-Dec-18	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	2915	2950	-35
	Rajkot	B.T. Cotton	5950	5450	500
	Patan	B.T. Cotton	14155	11053	3102
	Kadi	B.T. Cotton	20000	25000	-5000
	Deesa	B.T. Cotton	25	60	-35
	Dhrol	B.T. Cotton	449	526	-77
Haryana	Bhiwani	B.T. Cotton	4000	4500	-500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	680	850	-170
	Fatehabad	B.T. Cotton	1200	800	400
	Jind	B.T. Cotton	1284	1400	-116
	Uchana	B.T. Cotton	3570	2165	1405
	Dabwali	B.T. Cotton	770	1200	-430
Rajasthan	Hanumangarh	B.T. Cotton	5000	3000	2000
	Rawatsar	B.T. Cotton	4000	4000	Unch
Madhya Pradesh	Khandwa	Mech-1	4185	3456	729
	Khargaon	Mech-1	10170	7780	2390
Maharashtra	Amravati	Mech-1	10000	11000	-1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	30	30	Unch
	Hathras	Desi	30	12	18
Telangana	Adilabad	Un-Ginned	10842	8231	2611
Karnataka	Bijapur	Bunny	NR	3151	-

	Hubli	D.C.H.	NR	22	-
	Hubli	B.T. Cotton	NR	26	-
	Raichur	H-44 Cotton	577	712	-135
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	15-Dec-18	14-Dec-18	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	1190	1360	-170
	Mansa	J-34	1020	1190	-170
Haryana	Sirsa	J-34	1700	1020	680
Rajasthan	Sri-Ganganagar	J-34	3500	7000	-3500

### Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	15-Dec-18	14-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.	720	725	-5

### Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	15-Dec-18	14-Dec-18	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1873	1879	-6
Maharashtra	Akola	Rs./Qtl	1900	1900	Unch

### Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				14-Dec-18	13-Dec-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	41200	41200	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41700	41700	Unch
J-34(202)	26mm	3.5 - 4.9	23	41900	42200	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42800	43000	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	44400	44400	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	45300	45400	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	46100	46200	-100
DCH-32(107)	34mm	3.0 - 3.8	33	57900	58000	-100

### INTERNATIONAL PRICES AND INDICES

#### China Cotton Index:

Index	Unit	15-Dec-18	14-Dec-18	Change
CCIndex(328)	RMB/Ton	Closed	15411	-
CCIndex(527)	RMB/Ton	Closed	14455	-
CCIndex(229)	RMB/Ton	Closed	15912	-
RMB -Renminbi, 1RMB =0.16 \$U.S.				

#### China Foreign Cotton (FCE) Index :

Index	Unit	15-Dec-18	14-Dec-18	Change
FC Index (S)	Cents/lb	Closed	NR	-
FC Index (M)	Cents/lb	Closed	NR	-
FC Index (L)	Cents/lb	Closed	NR	-

#### Cotlook Index:

Cotlook Indices	Unit	14-Dec-18	13-Dec-18	Change
A-Index	Cents/Pound	88.25	88.25	Unch

#### USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		14-Dec-18	14-Dec-18	Bales
Southeast	cents/lb.	73.35	77.6	276
North Delta	cents/lb.	73.85	76.35	2995
South Delta	cents/lb.	76.85	78.6	0
East TX-OK	cents/lb.	73.85	82.75	0
West Texas	cents/lb.	76.85	78.6	0
Desert SW	cents/lb.	77.6	79.85	399
SJ Valley	cents/lb.	73.85	76.6	697

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.): Ason14-Dec-2018

Contract	Open	High	Low	Close	Change
19-Mar	79.40	79.94	78.62	79.60	0.19
19-May	80.37	80.96	79.75	80.67	0.24
19-Jul	80.97	81.56	80.46	81.34	0.32
19-Oct	78.42	78.42	78.42	78.42	0.32
19-Dec	77.4	77.85	77.12	77.69	0.26
20-Mar	77.98	78.08	77.76	78.08	-0.01

<b>Pakistan Cotton Spot rates: As on 14-Dec-2018</b>				<b>(in Pakistan Rupees)</b>
<b>Product</b>	<b>Rate for</b>	<b>Ex-Gin Price</b>	<b>Up Country Sales</b>	<b>Spot Rate Karachi</b>
<b>Cotton</b>	<b>37.32 Kgs</b>	8800	160	8960
<b>Equivalent</b>	<b>40 Kgs</b>	9431	171	9602

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