

Domestic Fundamentals:

Market Outlook:

MCX Dec cotton closed lower on Tuesday tracking weak trend in International prices. However, the prices have been higher this season compared to last season on reports of production cut by the cotton body and USDA. Cotton futures expected to trade sideways due to improving arrivals. 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 Cotton Corporation of India (CCI) has so far procured 98,900 bales (of 170 kg) of cotton in the current season till December 10 as compared to 3.9 lakh bales purchased in the previous season. Much of this procurement made at minimum support price -86,000 bales – happened in Telangana. In the last cotton season too, Telangana accounted for 68 per cent of the cotton procured by the public sector firm.

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.

Weather Forecast for tomorrow:

During the next 24 hours, moderate rainfall activity with few heavy spells is expected over parts of Gangetic West Bengal and northeastern states. Scattered light rains are likely over Odisha, Jharkhand, Chhattisgarh and Andhra Pradesh Coast. Moderate rains are expected over Andaman and Nicobar Islands. Scattered rains are likely over parts of South Tamil Nadu and Kerala and isolated pockets of Northwest Jammu and Kashmir.

International Fundamentals:

ICE cotton futures fell for a second straight session on Tuesday to three-week lows as falling oil prices and turbulent equity markets fed concerns about a global economic slowdown. The most active cotton contract on ICE Futures U.S., the March contract fell 0.66 cent, or 0.87 percent, to 77.86 cents per lb at 2:28 p.m. EST (1928 GMT). The contract touched its lowest since Nov. 28 at 77.76 cents.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-18	0.05	21410	21630	21410	21570	904	-514	4290	19
Jan-19	0	21760	21850	21720	21800	725	-845	3372	217

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

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

* Updated at as on 19-Dec- 2018

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	19-Dec-18	18-Dec-18	
Gujarat	Ahmedabad	Shankar-6	5700	5650	50
	Gondal	Shankar-6	5600	5610	-10
	Rajkot	B.T. Cotton	5660	5700	-40
	Patan	B.T. Cotton	5640	5645	-5
	Kadi	B.T. Cotton	5700	5800	-100
	Deesa	B.T. Cotton	5350	5355	-5
	Dhrol	B.T. Cotton	5375	5335	40
Haryana	Bhiwani	B.T. Cotton	5680	5700	-20
	Bhiwani	Desi	5900	5800	100
	Adampur	B.T. Cotton	5450	5480	-30
	Fatehabad	B.T. Cotton	5425	5450	-25
	Jind	B.T. Cotton	5720	5610	110
	Uchana	B.T. Cotton	5470	5460	10
	Dabwali	B.T. Cotton	5375	5400	-25
Rajasthan	Hanumangarh	B.T. Cotton	5350	5400	-50
	Rawatsar	B.T. Cotton	5350	5400	-50
Madhya Pradesh	Khandwa	Mech-1	5577	5604	-27
	Khargaon	Mech-1	5477	5510	-33
Maharashtra	Amravati	Mech-1	5575	5600	-25
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6000	5900	100
	Hathras	Desi	5000	4950	50
Telangana	Adilabad	Un-Ginned	5420	5440	-20
Karnataka	Bijapur	Bunny	NR	6005	-
	Hubli	D.C.H.	NR	5811	-
	Hubli	B.T. Cotton	NR	6719	-
	Raichur	H-44 Cotton	5650	5700	-50
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	19-Dec-18	18-Dec-18	
Punjab	Bhatinda	J-34	4430	4445	-15
	Abohar	J-34	4430	4450	-20
	Mansa	J-34	4405	4425	-20
Haryana	Sirsa	J-34	4410	4430	-20
Rajasthan	Sri-Ganganagar	J-34	4089	4136	-47

Cotton Arrivals in Key Centers:

Commodity	Kapas	Arrivals (Quintal)	Change
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State	Centre	Variety	19-Dec-18	18-Dec-18	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	3484	3706	-222
	Rajkot	B.T. Cotton	7100	7050	50
	Patan	B.T. Cotton	10610	12350	-1740
	Kadi	B.T. Cotton	30000	25000	5000
	Deesa	B.T. Cotton	40	25	15
	Dhrol	B.T. Cotton	532	640	-108
Haryana	Bhiwani	B.T. Cotton	5000	3000	2000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	680	680	Unch
	Fatehabad	B.T. Cotton	1000	1000	Unch
	Jind	B.T. Cotton	1530	1501	29
	Uchana	B.T. Cotton	3765	3955	-190
	Dabwali	B.T. Cotton	1000	850	150
Rajasthan	Hanumangarh	B.T. Cotton	2500	2500	Unch
	Rawatsar	B.T. Cotton	6000	7000	-1000
Madhya Pradesh	Khandwa	Mech-1	4185	4335	-150
	Khargaon	Mech-1	7900	13870	-5970
Maharashtra	Amravati	Mech-1	12000	13000	-1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	20	30	-10
	Hathras	Desi	4	10	-6
Telangana	Adilabad	Un-Ginned	3078	15004	-11926
Karnataka	Bijapur	Bunny	NR	3188	-
	Hubli	D.C.H.	NR	48	-
	Hubli	B.T. Cotton	NR	78	-
	Raichur	H-44 Cotton	660	772	-112
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	19-Dec-18	18-Dec-18	
Punjab	Bhatinda	J-34	9350	9435	-85
	Abohar	J-34	1360	1530	-170
	Mansa	J-34	1020	1020	Unch
Haryana	Sirsa	J-34	2040	2040	Unch
Rajasthan	Sri-Ganganagar	J-34	4000	8000	-4000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	19-Dec-18	18-Dec-18	
Gujarat	Rajkot	Rs. /10 Kg.	698	710	-12
Delhi	New Delhi	Rs. /10 Kg.	680	680	Unch

Telangana	Hyderabad	Rs. /10 Kg.	700	700	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	715	720	-5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	19-Dec-18	18-Dec-18	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1874	1881	-7
Maharashtra	Akola	Rs./Qtl	1900	1903	-3

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				18-Dec-18	17-Dec-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40900	41000	-100
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41400	41500	-100
J-34(202)	26mm	3.5 - 4.9	23	42000	42100	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42800	42900	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	44200	44400	-200
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	19-Dec-18	18-Dec-18	Change
CCIndex(328)	RMB/Ton	15406	15406	Unch
CCIndex(527)	RMB/Ton	14443	14448	-5
CCIndex(229)	RMB/Ton	15907	15906	1

RMB -Renminbi, 1RMB =0.16 \$U.S.

China Foreign Cotton (FCE) Index :

Index	Unit	19-Dec-18	18-Dec-18	Change
FC Index (S)	Cents/lb	90.38	91.09	-0.71
FC Index (M)	Cents/lb	86.76	87.45	-0.69
FC Index (L)	Cents/lb	83.93	84.67	-0.74

Cotlook Index:

Cotlook Indices	Unit	18-Dec-18	17-Dec-18	Change
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A-Index	Cents/Pound	86.8	87.8	-1.00
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USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		18-Dec-18	18-Dec-18	Bales
Southeast	cents/lb.	75.85	78.1	0
North Delta	cents/lb.	75.1	76.85	0
South Delta	cents/lb.	75.1	76.85	0
East TX-OK	cents/lb.	72.1	74.6	688
West Texas	cents/lb.	72.1	74.85	3470
Desert SW	cents/lb.	71.6	75.85	190
SJ Valley	cents/lb.	72.1	81	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.): Ason18-Dec-2018

	Open	High	Low	Last	Chg	Vol
Mar'19	77.76	78.03	77.65	77.84	-0.01	14419
May'19	78.97	79.22	78.86	79.06	0.02	5206
Jul'19	80	80.27	79.92	80.12	0.04	1670
Oct'19	-	-	-	77.40 *	-	-
Dec'19	76.75	77	76.75	77	0.17	357
Mar'20	77.29	77.29	77.29	77.29	-0.01	1

Pakistan Cotton Spot rates: As on17-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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