

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

MCX Dec cotton closed lower on Thursday, 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 Association 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: Cotton exports from the country increase by over 240% in October as compared to last year exports. This is first month of cotton season 2018/19. According to data published by Commerce Ministry, country exported about 2.29 lakh bales in Oct 2018/ compared to only 67,155 bales last year same month. Bangladesh is the largest buyer with 1.26 lakh bales. Pakistan bought 39,000 bales while china imports about 26,000 bales from India in October. In October, India also imported about 87,300 bales up marginally from last year imports of 85,600 bales in October. Country, imported cotton mainly from USA (25,150 bales), Tanzania(22,441 bales) and Australia (11,785 bales).***

***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 seems 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 sates of Telnagana 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 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.***

### Weather Forecast for tomorrow:

During the next 24 hours, light rains are expected over Tamil Nadu, Kerala, Karnataka and few parts of South Andhra Pradesh. Isolated light rains are also possible over northeastern states and East Jammu and Kashmir. Minimums will continue to remain below normal by 3°C to 4°C over parts of northwest and central India. Cold wave and ground frost conditions are also expected to persist for another 24 hours. Fog is likely over Bihar, Jharkhand, West Bengal, South Odisha and Chhattisgarh.

### International Fundamentals:

**NY futures came under severe pressure this week, as March dropped 435 points to close at 75.06 cents/lb.** March cotton settled at 75.06 cents, down 1.65 cent, July ended at 77.70 cents, down 1.43 cent, and December 2019 finished 75.28 cents, off 1.05 cent. Thursday's estimated volume was a hefty 41,200 contracts.

**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	-1.32	21020	21230	20960	20990	2331	1193	3400	-734
Jan-19	-1.07	21440	21460	21210	21260	3017	675	4772	895

  

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

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

\* Updated at as on 21-Dec- 2018

DOMESTIC PRICES AND ARRIVALSCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	21-Dec-18	20-Dec-18	
Gujarat	Ahmedabad	Shankar-6	5650	5650	Unch
	Gondal	Shankar-6	5500	5605	-105
	Rajkot	B.T. Cotton	5555	5600	-45
	Patan	B.T. Cotton	5570	5655	-85
	Kadi	B.T. Cotton	5700	5750	-50
	Deesa	B.T. Cotton	5300	5360	-60
	Dhrol	B.T. Cotton	5340	5370	-30
Haryana	Bhiwani	B.T. Cotton	5650	5700	-50
	Bhiwani	Desi	5900	5900	Unch
	Adampur	B.T. Cotton	5400	5450	-50
	Fatehabad	B.T. Cotton	5385	5425	-40
	Jind	B.T. Cotton	5600	5580	20
	Uchana	B.T. Cotton	5434	5435	-1
	Dabwali	B.T. Cotton	5315	5340	-25
Rajasthan	Hanumangarh	B.T. Cotton	5300	5400	-100
	Rawatsar	B.T. Cotton	5265	5325	-60
Madhya Pradesh	Khandwa	Mech-1	5525	5519	6
	Khargaon	Mech-1	NR	5505	-
Maharashtra	Amravati	Mech-1	5550	5600	-50
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6000	6000	Unch
	Hathras	Desi	5050	5000	50
Telangana	Adilabad	Un-Ginned	5400	5420	-20
Karnataka	Bijapur	Bunny	NR	5955	-
	Hubli	D.C.H.	NR	5851	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5650	5680	-30
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	21-Dec-18	20-Dec-18	
Punjab	Bhatinda	J-34	4370	4410	-40
	Abohar	J-34	4390	4410	-20
	Mansa	J-34	4370	4390	-20
Haryana	Sirsa	J-34	4360	4380	-20
Rajasthan	Sri-Ganganagar	J-34	4089	4136	-47

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	21-Dec-18	20-Dec-18	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	3208	2608	600
	Rajkot	B.T. Cotton	6250	7000	-750
	Patan	B.T. Cotton	12317	11250	1067
	Kadi	B.T. Cotton	25000	25000	Unch
	Deesa	B.T. Cotton	70	50	20
	Dhrol	B.T. Cotton	570	390	180
Haryana	Bhiwani	B.T. Cotton	2000	3000	-1000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	850	680	170
	Fatehabad	B.T. Cotton	1000	900	100
	Jind	B.T. Cotton	1556	1401	155
	Uchana	B.T. Cotton	3875	3655	220
	Dabwali	B.T. Cotton	450	750	-300
Rajasthan	Hanumangarh	B.T. Cotton	3000	2500	500
	Rawatsar	B.T. Cotton	5000	5000	Unch
Madhya Pradesh	Khandwa	Mech-1	4605	5250	-645
	Khargaon	Mech-1	NR	8520	-
Maharashtra	Amravati	Mech-1	13000	12000	1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	30	50	-20
	Hathras	Desi	12	12	Unch
Telangana	Adilabad	Un-Ginned	10303	7553	2750
Karnataka	Bijapur	Bunny	NR	4122	-
	Hubli	D.C.H.	NR	122	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	675	525	150
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	21-Dec-18	20-Dec-18	
Punjab	Bhatinda	J-34	9350	9350	Unch
	Abohar	J-34	1190	1190	Unch
	Mansa	J-34	850	850	Unch
Haryana	Sirsa	J-34	1700	1700	Unch
Rajasthan	Sri-Ganganagar	J-34	4000	4000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	21-Dec-18	20-Dec-18	
Gujarat	Rajkot	Rs. /10 Kg.	695	700	-5
Delhi	New Delhi	Rs. /10 Kg.	680	680	Unch
Telangana	Hyderabad	Rs. /10 Kg.	710	710	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	715	715	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	21-Dec-18	20-Dec-18	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1888	1892	-4
Maharashtra	Akola	Rs./Qtl	1898	1910	-12

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				20-Dec-18	19-Dec-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40400	40400	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40900	40900	Unch
J-34(202)	26mm	3.5 - 4.9	23	41500	41700	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42700	42700	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	43900	44100	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	45100	45200	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45900	46000	-100
DCH-32(107)	34mm	3.0 - 3.8	33	57900	57900	Unch

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	21-Dec-18	20-Dec-18	Change
CCIndex(328)	RMB/Ton	15409	15408	1
CCIndex(527)	RMB/Ton	14432	14435	-3
CCIndex(229)	RMB/Ton	15913	15913	Unch

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

China Foreign Cotton (FCE) Index :

Index	Unit	21-Dec-18	20-Dec-18	Change
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FC Index (S)	Cents/lb	87.74	89.24	-1.50
FC Index (M)	Cents/lb	84.06	85.56	-1.50
FC Index (L)	Cents/lb	81.18	82.68	-1.50

**Cotlook Index:**

Cotlook Indices	Unit	20-Dec-18	19-Dec-18	Change
A-Index	Cents/Pound	85.05	86.05	-1.00

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		20-Dec-18	20-Dec-18	Bales
Southeast	cents/lb.	73.06	75.31	0
North Delta	cents/lb.	72.31	74.06	0
South Delta	cents/lb.	72.31	74.06	0
East TX-OK	cents/lb.	69.31	71.81	1491
West Texas	cents/lb.	69.31	72.06	1594
Desert SW	cents/lb.	68.81	73.06	0
SJ Valley	cents/lb.	69.31	78.21	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.): Ason20-Dec-2018**

Contract	Open	High	Low	Last	Change
<a href="#">Mar-19</a>	75.06	75.6	75.06	75.27	0.21
<a href="#">May-19</a>	76.77	77.05	76.47	77.04	0.57
<a href="#">Jul-19</a>	78	78.3	77.8	77.84	0.14
<a href="#">Oct-19</a>	77.73	77.73	77.73	77.73	-0.23
<a href="#">Dec-19</a>	75.34	75.55	75.24	75.37	0.09
<a href="#">Mar-20</a>	76.54	76.54	76.08	76.08	0.19
<a href="#">May-20</a>	77.75	77.75	77.7	77.7	0.38

**Pakistan Cotton Spot rates: As on 19-Dec-2018**

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8900	160	9060
Equivalent	40 Kgs	9538	171	9709

#### **Disclaimer**

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