

Domestic Fundamentals:**Market Outlook:**

MCX Dec cotton closed lower on Monday, 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: In Rajkot, cotton prices are trading near Rs 5600/ quintal compared to Rs 5750/ quintal in previous week during same time. Last year prices were trading near Rs 5180/ quintal during same time. Arrivals are currently reported at around, 7000 bales per day. The Cotton Corporation of India estimates total arrivals to be approximately 5.3 million bales.

In Punjab cotton crop has recorded the highest yield of 780 kg lint per hectare this season as compared to yield of 750 kg per lint per hectare last year, on account of supply of good quality inputs and farmer awareness programmes launched by the agriculture department. With total area of 2.84 lakh hectares under the fibre, the state is estimating an output of 13.03 lakh bales

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.

Weather Forecast for tomorrow:

Cold wave conditions at a few places very likely over Punjab, Haryana and Uttar Pradesh and at isolated places over West Rajasthan, East Rajasthan, West Madhya Pradesh, East Madhya Pradesh, Bihar, Jharkhand, Odisha, Saurashtra & Kutch, Gujarat region and north Madhya Maharashtra.

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	-1.16	20880	20880	20300	20530	2466	-1094	1971	-964
Jan-19	-1.09	21040	21170	20610	20830	3692	-893	6280	1252
Spread	Dec-18			-	-	--	--		
Spot	-290				-	-	-		
Jan-19					-	-	-		

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

* Updated at as on 24-Dec- 2018

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	24-Dec-18	22-Dec-18	
Gujarat	Ahmedabad	Shankar-6	5600	5625	-25
	Gondal	Shankar-6	5535	5530	5
	Rajkot	B.T. Cotton	5600	5570	30
	Patan	B.T. Cotton	5555	5520	35
	Kadi	B.T. Cotton	5575	5550	25
	Deesa	B.T. Cotton	5125	5275	-150
	Dhrol	B.T. Cotton	5330	5265	65
Haryana	Bhiwani	B.T. Cotton	5600	5600	Unch
	Bhiwani	Desi	5800	5900	-100
	Adampur	B.T. Cotton	5425	5350	75
	Fatehabad	B.T. Cotton	5440	5360	80
	Jind	B.T. Cotton	5610	5590	20
	Uchana	B.T. Cotton	5420	5420	Unch
	Dabwali	B.T. Cotton	5350	5300	50
Rajasthan	Hanumangarh	B.T. Cotton	5400	5250	150
	Rawatsar	B.T. Cotton	5220	5200	20
Madhya Pradesh	Khandwa	Mech-1	5500	5500	Unch
	Khargaon	Mech-1	5505	5504	1
Maharashtra	Amravati	Mech-1	5525	5600	-75
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6200	6000	200
	Hathras	Desi	5100	5050	50
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NR	5919	-
	Hubli	D.C.H.	NR	5719	-
	Hubli	B.T. Cotton	NR	6201	-
	Raichur	H-44 Cotton	5620	5650	-30
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	24-Dec-18	22-Dec-18	
Punjab	Bhatinda	J-34	4395	4350	45
	Abohar	J-34	4400	4360	40
	Mansa	J-34	4375	4330	45
Haryana	Sirsa	J-34	4350	4300	50
Rajasthan	Sri-Ganganagar	J-34	4136	4089	47

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	24-Dec-18	22-Dec-18	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	4176	2827	1349
	Rajkot	B.T. Cotton	6150	5650	500
	Patan	B.T. Cotton	8145	8255	-110
	Kadi	B.T. Cotton	20000	25000	-5000
	Deesa	B.T. Cotton	20	15	5
	Dhrol	B.T. Cotton	554	420	134
Haryana	Bhiwani	B.T. Cotton	3000	2000	1000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	680	850	-170
	Fatehabad	B.T. Cotton	500	700	-200
	Jind	B.T. Cotton	1267	1556	-289
	Uchana	B.T. Cotton	4180	3875	305
	Dabwali	B.T. Cotton	600	400	200
Rajasthan	Hanumangarh	B.T. Cotton	3500	3000	500
	Rawatsar	B.T. Cotton	3000	6000	-3000
Madhya Pradesh	Khandwa	Mech-1	8442	4485	3957
	Khargaon	Mech-1	4970	8890	-3920
Maharashtra	Amravati	Mech-1	14000	13000	1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	15	30	-15
	Hathras	Desi	30	12	18
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NR	2013	-
	Hubli	D.C.H.	NR	108	-
	Hubli	B.T. Cotton	NR	6	-
	Raichur	H-44 Cotton	652	540	112
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	24-Dec-18	22-Dec-18	
Punjab	Bhatinda	J-34	8500	9350	-850
	Abohar	J-34	680	1020	-340
	Mansa	J-34	510	1020	-510
Haryana	Sirsa	J-34	850	1190	-340
Rajasthan	Sri-Ganganagar	J-34	3000	3000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	24-Dec-18	22-Dec-18	
Gujarat	Rajkot	Rs. /10 Kg.	695	695	Unch
Delhi	New Delhi	Rs. /10 Kg.	670	680	-10
Telangana	Hyderabad	Rs. /10 Kg.	710	710	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	712	720	-8

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	24-Dec-18	22-Dec-18	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1878	1877	1
Maharashtra	Akola	Rs./Qtl	1872	1887	-15

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				22-Dec-18	21-Dec-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39900	40400	-500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40400	40900	-500
J-34(202)	26mm	3.5 - 4.9	23	40900	41300	-400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42300	42500	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	43300	43500	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44700	44900	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45500	45700	-200
DCH-32(107)	34mm	3.0 - 3.8	33	57700	57900	-200

INTERNATIONAL PRICES AND INDICES**China Cotton Index:**

Index	Unit	24-Dec-18	22-Dec-18	Change
CCIndex(328)	RMB/Ton	15411	Closed	-
CCIndex(527)	RMB/Ton	14431	Closed	-
CCIndex(229)	RMB/Ton	15913	Closed	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	24-Dec-18	22-Dec-18	Change
FC Index (S)	Cents/lb	85.85	Closed	-
FC Index (M)	Cents/lb	82.18	Closed	-
FC Index (L)	Cents/lb	79.22	Closed	-

Cotlook Index:

Cotlook Indices	Unit	21-Dec-18	21-Dec-18	Change
A-Index	Cents/Pound	83.4	83.4	Unch

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		21-Dec-18	21-Dec-18	Bales
Southeast	cents/lb.	71.18	73.43	0
North Delta	cents/lb.	70.43	72.18	0
South Delta	cents/lb.	70.43	72.18	0
East TX-OK	cents/lb.	67.43	69.93	305
West Texas	cents/lb.	67.43	70.18	1201
Desert SW	cents/lb.	66.93	71.18	0
SJ Valley	cents/lb.	67.43	76.33	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.): As on 21-Dec-2018

Contract	Change	Open	High	Low	Previous	Volume
CTY00 (Cash)	-1.88	0	70.43	70.43	72.31	0
CTH19 (Mar '19)	-1.88	75.06	75.6	73.07	75.06	24,738
CTK19 (May '19)	-1.85	76.77	77.05	74.53	76.47	7,687
CTN19 (Jul '19)	-1.74	78	78.3	75.89	77.7	4,777
CTV19 (Oct '19)	-1.43	0	74.12	74.12	75.55	1
CTZ19 (Dec '19)	-1.22	75.34	75.55	74	75.28	2,091
CTH20 (Mar '20)	-0.99	75.78	75.78	74.84	75.89	235
CTK20 (May '20)	-1.09	76.32	76.32	75.32	76.41	78
CTN20 (Jul '20)	-1.08	76.62	76.62	75.57	76.65	3

Pakistan Cotton Spot rates: As on 22-Dec-2018

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8700	160	8860
Equivalent	40 Kgs	9324	171	9495

Disclaimer

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