

Domestic Fundamentals:**Market Outlook:**

Cotton spot market prices traded mixed trend on Wednesday, 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: From last two weeks whole trade was in tight range and waiting for break out from this range on upper side but no one was expect this type of bleeding fall. This free fall has opened up the door for CCI to procure quantities of cotton at MSP

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.

Weather Forecast for tomorrow:

Cold wave conditions at many places with Severe cold wave conditions at a few places very likely over Punjab, Haryana, Chandigarh & Delhi and north Rajasthan and Cold wave conditions at a few places with Severe cold wave at isolated places over Saurashtra & Kutch, Cold wave conditions at a few places over Uttar Pradesh and at isolated places over Gujarat Region, Jammu & Kashmir, Himachal Pradesh, Uttarakhand, Madhya Pradesh, Bihar and Jharkhand.

International Fundamentals:

According to the USDA, Agricultural Marketing Service's Cotton and Tobacco Program. Quotations for the base quality of cotton (color 41, leaf 4, staple 34, mike 35-36 and 43-49, strength 27.0-28.9, and uniformity 81.0-81.9) in the seven designated markets averaged 73.12 cents per pound for the week ending Thursday, December 20, 2018. The weekly average was down from 75.37 last week and down from 73.81 cents reported the corresponding period a year ago. Daily average quotations ranged from a high of 75.17 cents Friday, December 14 to a season low of 70.63 cents Thursday, December 20.

The Department of Agriculture's Commodity Credit Corporation announced a special import quota for upland cotton that permits importation of a quantity of upland cotton equal to one week's domestic mill use. The quota will be established on December 27, 2018, allowing importation of 12,334,220 kilograms (56,650 bales) of upland cotton. Quota number 9 will be established as of December 27, 2018, and will apply to upland cotton purchased not later than March 26, 2019, and entered into the U.S. not later than June 24, 2019. The quota is equivalent to one week's consumption of cotton by domestic mills at the seasonally-adjusted average rate for the period July 2018 through September 2018, the most recent three months for which data are available. Future quotas, in addition to the quantity announced, will be established if price conditions warrant.

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	0.19	20570	20700	20420	20670	1185	-1281	1277	-694
Jan-19	0.24	20900	21020	20710	100	2487	-1205	7064	784

Spread	Dec-18		-	-	--	--
Spot	-320			-	-	-
Jan-19				-	-	-

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

* Updated at as on 26-Dec- 2018 @5.00 PM

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	26-Dec-18	24-Dec-18	
Gujarat	Ahmedabad	Shankar-6	5600	5600	Unch
	Gondal	Shankar-6	5530	5535	-5
	Rajkot	B.T. Cotton	5575	5600	-25
	Patan	B.T. Cotton	5555	5555	Unch
	Kadi	B.T. Cotton	5550	5575	-25
	Deesa	B.T. Cotton	5250	5125	125
	Dhrol	B.T. Cotton	NA	5330	-
Haryana	Bhiwani	B.T. Cotton	5550	5600	-50
	Bhiwani	Desi	5700	5800	-100
	Adampur	B.T. Cotton	5450	5425	25
	Fatehabad	B.T. Cotton	5450	5440	10
	Jind	B.T. Cotton	5600	5610	-10
	Uchana	B.T. Cotton	5340	5420	-80
	Dabwali	B.T. Cotton	5360	5350	10
Rajasthan	Hanumangarh	B.T. Cotton	5380	5400	-20
	Rawatsar	B.T. Cotton	5350	5220	130
Madhya Pradesh	Khandwa	Mech-1	5560	5500	60
	Khargaon	Mech-1	5505	5505	Unch
Maharashtra	Amravati	Mech-1	5500	5525	-25
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6200	6200	Unch
	Hathras	Desi	5100	5100	Unch
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	5785	NR	-
	Hubli	D.C.H.	NR	5839	-
	Hubli	B.T. Cotton	NR	6501	-
	Raichur	H-44 Cotton	5500	5620	-120
Commodity	Lint		Prices (Rs./Mound)		Change
State	Centre	Variety	26-Dec-18	24-Dec-18	
Punjab	Bhatinda	J-34	4390	4395	-5
	Abohar	J-34	4400	4400	Unch
	Mansa	J-34	4380	4375	5
Haryana	Sirsa	J-34	4350	4350	Unch
Rajasthan	Sri-Ganganagar	J-34	Closed	4136	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	26-Dec-18	24-Dec-18	
Gujarat	Ahmedabad	Shankar-6	59500	51000	8500
	Gondal	Shankar-6	3385	4176	-791
	Rajkot	B.T. Cotton	4700	6150	-1450
	Patan	B.T. Cotton	10170	8145	2025
	Kadi	B.T. Cotton	20000	20000	Unch
	Deesa	B.T. Cotton	15	20	-5
	Dhrol	B.T. Cotton	NA	554	-
Haryana	Bhiwani	B.T. Cotton	1000	3000	-2000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	680	680	Unch
	Fatehabad	B.T. Cotton	300	500	-200
	Jind	B.T. Cotton	950	1267	-316
	Uchana	B.T. Cotton	2900	4180	-1280
	Dabwali	B.T. Cotton	550	600	-50
Rajasthan	Hanumangarh	B.T. Cotton	2000	3500	-1500
	Rawatsar	B.T. Cotton	3000	3000	Unch
Madhya Pradesh	Khandwa	Mech-1	3000	8442	-5442
	Khargaon	Mech-1	6990	4970	2020
Maharashtra	Amravati	Mech-1	14000	14000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	15	15	Unch
	Hathras	Desi	30	30	Unch
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	2285	NR	-
	Hubli	D.C.H.	NR	88	-
	Hubli	B.T. Cotton	NR	74	-
	Raichur	H-44 Cotton	1177	652	525
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	26-Dec-18	24-Dec-18	
Punjab	Bhatinda	J-34	5950	8500	-2550
	Abohar	J-34	850	680	170
	Mansa	J-34	510	510	Unch
Haryana	Sirsa	J-34	850	850	Unch
Rajasthan	Sri-Ganganagar	J-34	Closed	3000	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	26-Dec-18	24-Dec-18	
Gujarat	Rajkot	Rs. /10 Kg.	680	695	-15
Delhi	New Delhi	Rs. /10 Kg.	670	670	Unch
Telangana	Hyderabad	Rs. /10 Kg.	715	710	5
Maharashtra	Mumbai	Rs. /10 Kg.	705	712	-7

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	26-Dec-18	24-Dec-18	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1868	1878	-10
Maharashtra	Akola	Rs./Qtl	1859	1872	-13

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				24-Dec-18	22-Dec-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39900	39900	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40400	40400	Unch
J-34(202)	26mm	3.5 - 4.9	23	41400	40900	500
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41800	42300	-500
Shankar-6(105)	29mm	3.5 - 4.9	28	43300	43300	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44700	44700	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45500	45500	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	57700	57700	Unch

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

Index	Unit	26-Dec-18	24-Dec-18	Change
CCIndex(328)	RMB/Ton	15395	15411	-16
CCIndex(527)	RMB/Ton	14419	14431	-12
CCIndex(229)	RMB/Ton	15883	15913	-30

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

China Foreign Cotton (FCE) Index :

Index	Unit	26-Dec-18	24-Dec-18	Change
FC Index (S)	Cents/lb	85.1	85.85	-0.75

FC Index (M)	Cents/lb	81.43	82.18	-0.75
FC Index (L)	Cents/lb	78.52	79.22	-0.70

Cotlook Index:

Cotlook Indices	Unit	24-Dec-18	23-Dec-18	Change
A-Index	Cents/Pound	81.65	#N/A	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		21-Dec-18	20-Dec-18	Bales
Southeast	cents/lb.	71.18	75.31	0
North Delta	cents/lb.	70.43	74.06	0
South Delta	cents/lb.	70.43	74.06	0
East TX-OK	cents/lb.	67.43	71.81	1491
West Texas	cents/lb.	67.43	72.06	1594
Desert SW	cents/lb.	66.93	73.06	0
SJ Valley	cents/lb.	67.43	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.): As on 26-Dec-2018

Contract	Open	High	Low	Last	Change	Pct	Time
Mar-19	73.8	74	72.4	72.44	-0.74	-1.01%	13:04
May-19	75.07	75.42	73.69	73.75	-0.87	-1.17%	13:04
Jul-19	76.39	76.76	74.95	74.99	-0.97	-1.28%	13:04
Dec-19	74.4	74.51	73.16	73.49	-0.57	-0.77%	13:04
Mar-20	73.96	73.96	73.96	73.96	-0.94	-1.26%	11:21
May-20	74.9	74.9	74.9	74.9	-0.42	-0.56%	13:00
Jul-20	76.62	76.62	75.75	75.75	-0.9	-1.17%	10:50
Dec-20	71.26	71.26	71.22	71.22	-0.71	-0.99%	12:53

Pakistan Cotton Spot rates: As on 24-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

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