

Domestic Fundamentals:**Market Outlook:**

Cotton spot market prices traded firm 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: 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.

Weather Forecast for tomorrow:

During the next 24 hours, isolated rains are expected over Kerala and South Tamil Nadu. Weather will remain dry over rest all places of the country. Intensity of fog will reduce over the northwestern plains due to the prevalence of dry northwesterly winds. Minimums may drop over Northwest and Central India.

International Fundamentals:

This week was bleeding week for cotton. NY future has lost as far 642 point or nearly 9% during this week. NY future has lost series of all technical supports area. Indian MCX December future also follows NY during this week and lost 1120 rupee per bale or 2340 per candy. Export sales were good but not able to give support against outside forces. Crude, currency, controversy between two giant economy and cutting of spec BULL was story of full week. These multiple "C" was the reason to crush cotton commodity.

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	0.48	20730	20910	20710	20740	670	-515	1034	-243
Jan-19	0.52	21050	21220	21040	21070	1977	-510	7617	553
Spread	Dec-18				-	-	--	--	--
Spot	-310					-	-	-	-
Jan-19						-	-	-	-

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

* Updated at as on 27-Dec- 2018 @5.00 PM

Cotton Prices at Key Spot Markets:

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	27-Dec-18	26-Dec-18	
Gujarat	Ahmedabad	Shankar-6	5625	5600	25
	Gondal	Shankar-6	5550	5530	20
	Rajkot	B.T. Cotton	5580	5575	5
	Patan	B.T. Cotton	5600	5555	45
	Kadi	B.T. Cotton	5550	5550	Unch
	Deesa	B.T. Cotton	5250	5250	Unch
	Dhrol	B.T. Cotton	5235	NA	-
Haryana	Bhiwani	B.T. Cotton	5650	5550	100
	Bhiwani	Desi	5700	5700	Unch
	Adampur	B.T. Cotton	5500	5450	50
	Fatehabad	B.T. Cotton	5525	5450	75
	Jind	B.T. Cotton	5660	5600	60
	Uchana	B.T. Cotton	5405	5340	65
	Dabwali	B.T. Cotton	5400	5360	40
Rajasthan	Hanumangarh	B.T. Cotton	5350	5380	-30
	Rawatsar	B.T. Cotton	5450	5350	100
Madhya Pradesh	Khandwa	Mech-1	5557	5560	-3
	Khargaon	Mech-1	5504	5505	-1
Maharashtra	Amravati	Mech-1	5600	5500	100
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6000	6200	-200
	Hathras	Desi	5000	5100	-100
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	5799	5785	14
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5500	5500	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	27-Dec-18	26-Dec-18	
Punjab	Bhatinda	J-34	4410	4390	20
	Abohar	J-34	4440	4400	40
	Mansa	J-34	4310	4380	-70
Haryana	Sirsa	J-34	4380	4350	30
Rajasthan	Sri-Ganganagar	J-34	4136	Closed	-

Cotton Arrivals in Key Centers:

Commodity		Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	27-Dec-18	26-Dec-18		
Gujarat	Ahmedabad	Shankar-6	42500	59500	-17000	
	Gondal	Shankar-6	3493	3385	108	
	Rajkot	B.T. Cotton	6000	4700	1300	
	Patan	B.T. Cotton	5165	10170	-5005	
	Kadi	B.T. Cotton	20000	20000	Unch	
	Deesa	B.T. Cotton	30	15	15	
	Dhrol	B.T. Cotton	508	888	-380	
Haryana	Bhiwani	B.T. Cotton	500	#N/A	-	
	Bhiwani	Desi	NA	#N/A	-	
	Adampur	B.T. Cotton	680	#N/A	-	
	Fatehabad	B.T. Cotton	200	#N/A	-	
	Jind	B.T. Cotton	553	#N/A	-	
	Uchana	B.T. Cotton	2240	#N/A	-	
	Dabwali	B.T. Cotton	650	#N/A	-	
Rajasthan	Hanumangarh	B.T. Cotton	2500	2000	500	
	Rawatsar	B.T. Cotton	3000	3000	Unch	
Madhya Pradesh	Khandwa	Mech-1	1665	3000	-1335	
	Khargaon	Mech-1	6530	6990	-460	
Maharashtra	Amravati	Mech-1	13000	14000	-1000	
	Jamner	Medium Staple	NA	NA	-	
Uttar Pradesh	Hathras	B.T. Cotton	30	15	15	
	Hathras	Desi	30	30	Unch	
Telangana	Adilabad	Un-Ginned	NR	NR	-	
Karnataka	Bijapur	Bunny	2228	2285	-57	
	Hubli	D.C.H.	NR	154	-	
	Hubli	B.T. Cotton	NR	4	-	
	Raichur	H-44 Cotton	502	1177	-675	
Commodity		Lint		Arrivals (Quintal)		Change
State	Centre	Variety	27-Dec-18	26-Dec-18		
Punjab	Bhatinda	J-34	5950	5950	Unch	
	Abohar	J-34	1020	850	170	
	Mansa	J-34	425	510	-85	
Haryana	Sirsa	J-34	1020	850	170	
Rajasthan	Sri-Ganganagar	J-34	3500	Closed	-	

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
	State	Centre	Unit	27-Dec-18	
Gujarat	Rajkot	Rs. /10 Kg.	690	680	10
Delhi	New Delhi	Rs. /10 Kg.	670	670	Unch
Telangana	Hyderabad	Rs. /10 Kg.	695	715	-20
Maharashtra	Mumbai	Rs. /10 Kg.	702	705	-3

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
	State	Centre	Unit	27-Dec-18	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1876	1868	8
Maharashtra	Akola	Rs./Qtl	1888	1859	29

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				27-Dec-18	24-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	41400	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41800	41800	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	43300	43300	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44500	44700	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45400	45500	-100
DCH-32(107)	34mm	3.0 - 3.8	33	57200	57700	-500

INTERNATIONAL PRICES AND INDICES

China Cotton Index:

Index	Unit	27-Dec-18	26-Dec-18	Change
CCIndex(328)	RMB/Ton	15386	15395	-9
CCIndex(527)	RMB/Ton	14417	14419	-2
CCIndex(229)	RMB/Ton	15868	15883	-15

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

China Foreign Cotton (FCE) Index :

Index	Unit	27-Dec-18	26-Dec-18	Change
FC Index (S)	Cents/lb	86.1	85.1	1.00
FC Index (M)	Cents/lb	82.43	81.43	1.00
FC Index (L)	Cents/lb	79.52	78.52	1.00

Cotlook Index:

Cotlook Indices	Unit	25-Dec-18	24-Dec-18	Change
A-Index	Cents/Pound	#N/A	81.65	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		26-Dec-18	21-Dec-18	Bales
Southeast	cents/lb.	71.5	73.43	0
North Delta	cents/lb.	70.75	72.18	0
South Delta	cents/lb.	70.75	72.18	0
East TX-OK	cents/lb.	67.75	69.93	305
West Texas	cents/lb.	67.75	70.18	1201
Desert SW	cents/lb.	67.25	71.18	0
SJ Valley	cents/lb.	67.75	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 26-Dec-2018

Contract	Last	Change	Open	High	Low	Previous	Volume
CTY00 (Cash)	70.75s	0.32	0	70.75	70.75	70.43	0
CTH19 (Mar '19)	73.03	-0.47	73.8	74.18	73	73.5	2,201
CTK19 (May '19)	74.26	-0.47	74.94	75.4	74.26	74.73	601
CTN19 (Jul '19)	75.24	-0.54	75.99	76.38	75.24	75.78	242
CTV19 (Oct '19)	74.24s	0.83	0	74.24	74.24	73.41	0
CTZ19 (Dec '19)	73.4	-0.4	73.79	73.95	73.3	73.8	81
CTH20 (Mar '20)	74.25	-0.43	74.5	74.5	74.25	74.68	13
CTK20 (May '20)	75.07s	0.34	0	75.07	75.07	74.73	1

Pakistan Cotton Spot rates: As on 26-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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