

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

Cotton prices are unchanged from previous day. Cotton spot market prices expected to trade remain sideways to weak tone due to sluggish demand. Arrivals are also up a further expectation to be in slow pace as sellers want better prices. 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 was sharply lower this week as weak overall demand continues to impact the US market. On the other hand, world production and supplies are going lower due to bad weather in the growing season for major producers around the world, including India, Pakistan, and Australia. China had problems with its growing weather, too. Demand for US Cotton has been disappointing, as the weekly export sales reports have shown average demand at best since the start of the marketing year. China has not bought any US Cotton this year and has been active in other markets, especially India. US prices are down and China might start to look at the US crop.

***Average price of Lint at Sirsa during last week was Rs. 4348 per maund (of 37.32 Kg each), which is slightly lower compared to the previous week price of Rs 4420. In the coming week we expect Kapas price to remain to Range bound with the price band of Rs 5300-6000 per quintal in the Rajkot market. Lint price at Sirsa is likely to be in range of Rs 4200-5000 per maund***

***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).***

**Weather Forecast for tomorrow:**

During the next 24 hours, scattered light to moderate rain and snow may occur over Arunachal Pradesh. Isolated rain will occur over Assam, Meghalaya, Nagaland, Coastal Andhra Pradesh as well as over few places of Interior Tamil Nadu, Kerala and Lakshadweep. Cold wave conditions are expected over Madhya Pradesh, Chhattisgarh, parts of Maharashtra, Gujarat and northwestern plains of the country.

### International Fundamentals:

**ICE cotton edged slightly higher on Friday, as global equities and oil ended a volatile week, while investors remained focused on demand concerns due to a drawn-out U.S.-China trade dispute.** The most active cotton March contract on ICE Futures U.S. settled up 0.13 cent, or 0.18 percent, at 72.19 cents per lb. It traded within a range of 72.05 to 72.87 cents a lb.

**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 | 20640 | 20710 | 20560 | 20650 | 521    | -149   | 968  | -66    |
| Jan-19   | 0.14 | 20920 | 21040 | 20880 | 20980 | 20980  | 19003  | 7912 | 295    |

  

|        |        |  |   |   |    |    |
|--------|--------|--|---|---|----|----|
| Spread | Dec-18 |  | - | - | -- | -- |
| Spot   | -330   |  |   | - | -  | -  |
| Jan-19 |        |  |   | - | -  | -  |

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

\* Updated at as on 28-Dec- 2018 @5.00 PM

Cotton Prices at Key Spot Markets:

| Commodity      | Kapas          |               | Prices (Rs./Quintal) |           | Change |
|----------------|----------------|---------------|----------------------|-----------|--------|
| State          | Centre         | Variety       | 29-Dec-18            | 28-Dec-18 |        |
| Gujarat        | Ahmedabad      | Shankar-6     | 5600                 | 5600      | Unch   |
|                | Gondal         | Shankar-6     | 5570                 | 5570      | Unch   |
|                | Rajkot         | B.T. Cotton   | 5560                 | 5560      | Unch   |
|                | Patan          | B.T. Cotton   | 5580                 | 5580      | Unch   |
|                | Kadi           | B.T. Cotton   | 5600                 | 5600      | Unch   |
|                | Deesa          | B.T. Cotton   | 5235                 | 5235      | Unch   |
|                | Dhrol          | B.T. Cotton   | 5270                 | 5270      | Unch   |
| Haryana        | Bhiwani        | B.T. Cotton   | 5650                 | 5650      | Unch   |
|                | Bhiwani        | Desi          | 5700                 | 5700      | Unch   |
|                | Adampur        | B.T. Cotton   | 5500                 | 5500      | Unch   |
|                | Fatehabad      | B.T. Cotton   | 5525                 | 5525      | Unch   |
|                | Jind           | B.T. Cotton   | 5615                 | 5615      | Unch   |
|                | Uchana         | B.T. Cotton   | 5395                 | 5395      | Unch   |
|                | Dabwali        | B.T. Cotton   | 5455                 | 5455      | Unch   |
| Rajasthan      | Hanumangarh    | B.T. Cotton   | 5460                 | 5460      | Unch   |
|                | Rawatsar       | B.T. Cotton   | 5475                 | 5475      | Unch   |
| Madhya Pradesh | Khandwa        | Mech-1        | 5526                 | 5526      | Unch   |
|                | Khargaon       | Mech-1        | 5504                 | 5504      | Unch   |
| Maharashtra    | Amravati       | Mech-1        | 5500                 | 5500      | Unch   |
|                | Jamner         | Medium Staple | NA                   | NA        | -      |
| Uttar Pradesh  | Hathras        | B.T. Cotton   | 5900                 | 5900      | Unch   |
|                | Hathras        | Desi          | 4900                 | 4900      | Unch   |
| Telangana      | Adilabad       | Un-Ginned     | 5300                 | 5300      | Unch   |
| Karnataka      | Bijapur        | Bunny         | NR                   | NR        | -      |
|                | Hubli          | D.C.H.        | NR                   | NR        | -      |
|                | Hubli          | B.T. Cotton   | NR                   | NR        | -      |
|                | Raichur        | H-44 Cotton   | 5530                 | 5530      | Unch   |
| Commodity      | Lint           |               | Prices (Rs./Maund)   |           | Change |
| State          | Centre         | Variety       | 29-Dec-18            | 28-Dec-18 |        |
| Punjab         | Bhatinda       | J-34          | 4400                 | 4400      | Unch   |
|                | Abohar         | J-34          | 4450                 | 4430      | 20     |
|                | Mansa          | J-34          | 4425                 | 4390      | 35     |
| Haryana        | Sirsa          | J-34          | 4380                 | 4400      | -20    |
| Rajasthan      | Sri-Ganganagar | J-34          | 4136                 | 4136      | Unch   |

Cotton Arrivals in Key Centers:

| Commodity      | Kapas          |               | Arrivals (Quintal) |           | Change |
|----------------|----------------|---------------|--------------------|-----------|--------|
| State          | Centre         | Variety       | 29-Dec-18          | 28-Dec-18 |        |
| Gujarat        | Ahmedabad      | Shankar-6     | 42500              | 42500     | Unch   |
|                | Gondal         | Shankar-6     | 2656               | 3164      | -508   |
|                | Rajkot         | B.T. Cotton   | 5600               | 4800      | 800    |
|                | Patan          | B.T. Cotton   | 7613               | 5535      | 2078   |
|                | Kadi           | B.T. Cotton   | 20000              | 20000     | Unch   |
|                | Deesa          | B.T. Cotton   | 10                 | 30        | -20    |
|                | Dhrol          | B.T. Cotton   | 486                | 538       | -52    |
| Haryana        | Bhiwani        | B.T. Cotton   | 1000               | 1000      | Unch   |
|                | Bhiwani        | Desi          | NA                 | NA        | -      |
|                | Adampur        | B.T. Cotton   | 680                | 680       | Unch   |
|                | Fatehabad      | B.T. Cotton   | 400                | 400       | Unch   |
|                | Jind           | B.T. Cotton   | 750                | 750       | Unch   |
|                | Uchana         | B.T. Cotton   | 2240               | 2240      | Unch   |
|                | Dabwali        | B.T. Cotton   | 350                | 350       | Unch   |
| Rajasthan      | Hanumangarh    | B.T. Cotton   | 2000               | 2700      | -700   |
|                | Rawatsar       | B.T. Cotton   | 4000               | 4000      | Unch   |
| Madhya Pradesh | Khandwa        | Mech-1        | 3645               | 3120      | 525    |
|                | Khargaon       | Mech-1        | 9750               | 6010      | 3740   |
| Maharashtra    | Amravati       | Mech-1        | 13000              | 14000     | -1000  |
|                | Jamner         | Medium Staple | NA                 | NA        | -      |
| Uttar Pradesh  | Hathras        | B.T. Cotton   | 30                 | 30        | Unch   |
|                | Hathras        | Desi          | 12                 | 12        | Unch   |
| Telangana      | Adilabad       | Un-Ginned     | 15154              | 19134     | -3980  |
| Karnataka      | Bijapur        | Bunny         | NR                 | 1813      | -      |
|                | Hubli          | D.C.H.        | NR                 | 28        | -      |
|                | Hubli          | B.T. Cotton   | NR                 | 14        | -      |
|                | Raichur        | H-44 Cotton   | 517                | 442       | 75     |
| Commodity      | Lint           |               | Arrivals (Quintal) |           | Change |
| State          | Centre         | Variety       | 29-Dec-18          | 28-Dec-18 |        |
| Punjab         | Bhatinda       | J-34          | 5100               | 5100      | Unch   |
|                | Abohar         | J-34          | 680                | 680       | Unch   |
|                | Mansa          | J-34          | 340                | 510       | -170   |
| Haryana        | Sirsa          | J-34          | 850                | 1020      | -170   |
| Rajasthan      | Sri-Ganganagar | J-34          | 3000               | 2000      | 1000   |

Cotton Seed Oil Prices:

| Commodity   | Cotton Seed Oil |             | Price     |           | Change |
|-------------|-----------------|-------------|-----------|-----------|--------|
| State       | Centre          | Unit        | 29-Dec-18 | 28-Dec-18 |        |
| Gujarat     | Rajkot          | Rs. /10 Kg. | 690       | 690       | Unch   |
| Delhi       | New Delhi       | Rs. /10 Kg. | 670       | 670       | Unch   |
| Telangana   | Hyderabad       | Rs. /10 Kg. | 695       | 695       | Unch   |
| Maharashtra | Mumbai          | Rs. /10 Kg. | 705       | 702       | 3      |

Cotton Seed Oil Seed Cake Prices:

| Commodity   | Cotton Seed Oil Seed Cake |         | Price     |           | Change |
|-------------|---------------------------|---------|-----------|-----------|--------|
| State       | Centre                    | Unit    | 29-Dec-18 | 28-Dec-18 |        |
| Gujarat     | Mahesana (Kadi)           | Rs./Qtl | 1880      | 1876      | 4      |
| Maharashtra | Akola                     | Rs./Qtl | 1863      | 1856      | 7      |

Cotton Association of India Spot Rates:

| Trade Name                            | Staple     | Micronaire | Strength/<br>GPT | Rs. Per<br>Candy | Rs. Per<br>Candy | Change |
|---------------------------------------|------------|------------|------------------|------------------|------------------|--------|
|                                       |            |            |                  | 28-Dec-18        | 27-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               | 41500            | 41400            | 100    |
| 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               | 44400            | 44500            | -100   |
| MCU-5/ Surabhi(106)                   | 32mm       | 3.3 - 4.9  | 31               | 45300            | 45400            | -100   |
| DCH-32(107)                           | 34mm       | 3.0 - 3.8  | 33               | 56200            | 57200            | -1000  |

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

| Index        | Unit    | 29-Dec-18 | 28-Dec-18 | Change |
|--------------|---------|-----------|-----------|--------|
| CCIndex(328) | RMB/Ton | 15375     | 15383     | -8     |
| CCIndex(527) | RMB/Ton | 14405     | 14411     | -6     |
| CCIndex(229) | RMB/Ton | 15857     | 15863     | -6     |

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

**China Foreign Cotton (FCE) Index :**

| Index        | Unit     | 28-Dec-18 | 27-Dec-18 | Change |
|--------------|----------|-----------|-----------|--------|
| FC Index (S) | Cents/lb | 84.79     | 86.1      | -1.31  |
| FC Index (M) | Cents/lb | 81.21     | 82.43     | -1.22  |
| FC Index (L) | Cents/lb | 78.02     | 79.52     | -1.50  |

**Cotlook Index:**

| Cotlook Indices | Unit        | 28-Dec-18 | 27-Dec-18 | Change |
|-----------------|-------------|-----------|-----------|--------|
| A-Index         | Cents/Pound | 80.55     | 81.95     | -1.40  |

**USDA Cotton Spot Rates:**

| Growth Area | Unit      | Leaf 4 to Staple<br>34 | Leaf 3 to Staple<br>35 | Arrivals |
|-------------|-----------|------------------------|------------------------|----------|
|             |           | 28-Dec-18              | 27-Dec-18              | Bales    |
| Southeast   | cents/lb. | 70.19                  | 72.31                  | 0        |
| North Delta | cents/lb. | 69.44                  | 71.06                  | 0        |
| South Delta | cents/lb. | 69.44                  | 71.06                  | 0        |
| East TX-OK  | cents/lb. | 66.44                  | 68.81                  | 401      |
| West Texas  | cents/lb. | 66.44                  | 69.06                  | 1310     |
| Desert SW   | cents/lb. | 65.94                  | 70.06                  | 0        |
| SJ Valley   | cents/lb. | 66.44                  | 75.21                  | 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 28-Dec-2018**

| Daily Futures Price Listing Fri December 28, 2018 |        |       |       |       |       |        |              |          |        |
|---------------------------------------------------|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Most Recent Information                           |        |       |       |       |       |        | Previous Day |          |        |
| Mth                                               | Date   | Open  | High  | Low   | Close | Change | Volume       | Open Int | Change |
| Cotton(ICE)                                       |        |       |       |       |       |        |              |          |        |
| <a href="#">Mar-19</a>                            | 181228 | 72.05 | 72.87 | 72.05 | 72.19 | 0.13   | 10,452       | 1,24,287 | -307   |
| <a href="#">May-19</a>                            | 181228 | 73.41 | 74.14 | 73.32 | 73.49 | 0.17   | 3,277        | 37,090   | 16     |
| <a href="#">Jul-19</a>                            | 181228 | 74.5  | 75.07 | 74.3  | 74.52 | 0.24   | 1,089        | 17,174   | -259   |
| <a href="#">Oct-19</a>                            | 181228 | 73.39 | 73.39 | 73.39 | 73.39 | 0.31   | 0            | 8        | 0      |
| <a href="#">Dec-19</a>                            | 181228 | 72.99 | 73.61 | 72.92 | 73.23 | 0.18   | 476          | 30,555   | -29    |
| <a href="#">Mar-20</a>                            | 181228 | 74    | 74.19 | 74    | 74.19 | 0.21   | 36           | 1,073    | 13     |
| Total Volume and Open Interest                    |        |       |       |       |       |        | 15,344       | 2,11,484 | -564   |

**Pakistan Cotton Spot rates: As on 27-Dec-2018**

(in Pakistan Rupees)



| Product           | Rate for         | Ex-Gin Price | Up Country Sales | Spot Rate Karachi |
|-------------------|------------------|--------------|------------------|-------------------|
| <b>Cotton</b>     | <b>37.32 Kgs</b> | 8700         | 160              | 8860              |
| <b>Equivalent</b> | <b>40 Kgs</b>    | 9324         | 171              | 9495              |

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