

Domestic Fundamentals:**Market Outlook:**

Cotton prices are traded firm on Monday. 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: This week was usually holiday week. There was very little movement during this week. Market was driven by outside forces rather than the fundamental. US equity market and crude was volatile during this week and cotton future also conducted by those forces. Due to shut down in US government USDA was not able to report weekly export sales. After 6 Cent down in last week trade was anticipating better export sale.

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	0.34	20750	20870	20740	20760	510	-11	976	8
Jan-19	0.52	21020	21180	21020	140	1821	-19159	8152	240
Spread	Dec-18			-	-	--	--		
Spot	-310				-	-	-		
Jan-19					-	-	-		

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

* Updated at as on 31-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	31-Dec-18	29-Dec-18	
Gujarat	Ahmedabad	Shankar-6	5650	5600	50
	Gondal	Shankar-6	5585	5570	15
	Rajkot	B.T. Cotton	5600	5560	40
	Patan	B.T. Cotton	5635	5580	55
	Kadi	B.T. Cotton	5675	5600	75
	Deesa	B.T. Cotton	5275	5235	40
	Dhrol	B.T. Cotton	5370	5270	100
Haryana	Bhiwani	B.T. Cotton	5700	5650	50
	Bhiwani	Desi	5700	5700	Unch
	Adampur	B.T. Cotton	5525	5500	25
	Fatehabad	B.T. Cotton	5550	5525	25
	Jind	B.T. Cotton	5650	5615	35
	Uchana	B.T. Cotton	5395	5395	Unch
	Dabwali	B.T. Cotton	5500	5455	45
Rajasthan	Hanumangarh	B.T. Cotton	5500	5460	40
	Rawatsar	B.T. Cotton	5485	5475	10
Madhya Pradesh	Khandwa	Mech-1	5550	5526	24
	Khargaon	Mech-1	5450	5504	-54
Maharashtra	Amravati	Mech-1	5500	5500	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5900	5900	Unch
	Hathras	Desi	4800	4900	-100
Telangana	Adilabad	Un-Ginned	NR	5300	-
Karnataka	Bijapur	Bunny	NR	5809	-
	Hubli	D.C.H.	5791	5781	10
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5500	5530	-30
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	31-Dec-18	29-Dec-18	
Punjab	Bhatinda	J-34	4465	4400	65
	Abohar	J-34	4470	4450	20
	Mansa	J-34	4435	4425	10
Haryana	Sirsa	J-34	4400	4380	20
Rajasthan	Sri-Ganganagar	J-34	4136	4136	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	31-Dec-18	29-Dec-18	
Gujarat	Ahmedabad	Shankar-6	42500	42500	Unch
	Gondal	Shankar-6	3952	2656	1296
	Rajkot	B.T. Cotton	5350	5600	-250
	Patan	B.T. Cotton	5625	7613	-1988
	Kadi	B.T. Cotton	20000	20000	Unch
	Deesa	B.T. Cotton	15	10	5
	Dhrol	B.T. Cotton	521	486	35
Haryana	Bhiwani	B.T. Cotton	1500	1000	500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	595	680	-85
	Fatehabad	B.T. Cotton	300	400	-100
	Jind	B.T. Cotton	1216	750	466
	Uchana	B.T. Cotton	5000	2240	2760
	Dabwali	B.T. Cotton	550	350	200
Rajasthan	Hanumangarh	B.T. Cotton	2500	2000	500
	Rawatsar	B.T. Cotton	3000	4000	-1000
Madhya Pradesh	Khandwa	Mech-1	3255	3645	-390
	Khargaon	Mech-1	2330	9750	-7420
Maharashtra	Amravati	Mech-1	15000	13000	2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	20	30	-10
	Hathras	Desi	10	12	-2
Telangana	Adilabad	Un-Ginned	NR	15154	-
Karnataka	Bijapur	Bunny	NR	1579	-
	Hubli	D.C.H.	54	58	-4
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	615	517	98
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	31-Dec-18	29-Dec-18	
Punjab	Bhatinda	J-34	4250	5100	-850
	Abohar	J-34	510	680	-170
	Mansa	J-34	340	340	Unch
Haryana	Sirsa	J-34	1360	850	510
Rajasthan	Sri-Ganganagar	J-34	3000	3000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	31-Dec-18	29-Dec-18	
Gujarat	Rajkot	Rs. /10 Kg.	695	690	5
Delhi	New Delhi	Rs. /10 Kg.	675	670	5
Telangana	Hyderabad	Rs. /10 Kg.	695	695	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	705	705	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	31-Dec-18	29-Dec-18	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1914	1880	34
Maharashtra	Akola	Rs./Qtl	1887	1863	24

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				29-Dec-18	28-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	41600	41500	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41900	41800	100
Shankar-6(105)	29mm	3.5 - 4.9	28	43400	43300	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44400	44400	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45300	45300	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	56000	56200	-200

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

Index	Unit	31-Dec-18	29-Dec-18	Change
CCIndex(328)	RMB/Ton	15375	Closed	-
CCIndex(527)	RMB/Ton	14405	Closed	-
CCIndex(229)	RMB/Ton	15857	Closed	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	31-Dec-18	29-Dec-18	Change
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FC Index (S)	Cents/lb	NR	Closed	-
FC Index (M)	Cents/lb	NR	Closed	-
FC Index (L)	Cents/lb	NR	Closed	-

Cotlook Index:

Cotlook Indices	Unit	29-Dec-18	28-Dec-18	Change
A-Index	Cents/Pound	Closed	80.55	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 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

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)									
Mar-19	181228	72.05	72.87	72.05	72.19	0.13	10,452	1,24,287	-307
May-19	181228	73.41	74.14	73.32	73.49	0.17	3,277	37,090	16
Jul-19	181228	74.5	75.07	74.3	74.52	0.24	1,089	17,174	-259
Oct-19	181228	73.39	73.39	73.39	73.39	0.31	0	8	0
Dec-19	181228	72.99	73.61	72.92	73.23	0.18	476	30,555	-29
Mar-20	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 29-Dec-2018**(in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8800	160	8960
Equivalent	40 Kgs	9431	171	9602

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