

Domestic Fundamentals:**Market Outlook:**

Cotton prices are noticed mixed tone on Wednesday. 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: MCX cotton slipped to 8-month low in Dec mainly due to lower demand from mills and pick up in arrivals. So far India has shipped around 14 lakh bales of cotton. The cotton exports is expected to decline by 20-22% to around 51-53 lakh bales during 2018-19 season due to lower production and coupled with currency fluctuations.

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

Weather Forecast for tomorrow:

During the next 24 hours, isolated light rain will occur over Tamil Nadu and higher reaches of Jammu and Kashmir. Weather will remain dry over rest all parts of India. Minimums will increase further over Northwest India and hills of Western Himalayas leading to abatement of cold wave conditions from many places. Isolated pockets of Haryana, Punjab and Rajasthan will have cold wave conditions. Frost is expected to occur in many parts of Northwest India.

International Fundamentals:

ICE cotton futures ended flat on Monday, but marked their first annual decline in four years as weather issues and the trade dispute between the United States, the biggest exporter, and top consumer China plagued the market this year.

The front-month March contract on ICE Futures U.S. settled up 0.01 cent, or 0.01 percent, at 72.2 cents per lb. The front-month contract registered its first monthly fall in three, losing more than 6 percent this month.

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
Jan-19	-0.05	21080	21150	21000	21090	1006	496	8169	7193
Feb-19	-0.09	21340	21360	21260	21330	196	-1625	2139	-6013

Spread	Dec-18		-	-	--	--
Spot	-310		-	-	-	-
Feb-19			-	-	-	-

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

* Updated at as on 02-Jan- 2019 @5.00 PM

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	02-Jan-19	31-Dec-18	
Gujarat	Ahmedabad	Shankar-6	5650	5650	Unch
	Gondal	Shankar-6	5565	5585	-20
	Rajkot	B.T. Cotton	5620	5600	20
	Patan	B.T. Cotton	5630	5635	-5
	Kadi	B.T. Cotton	5750	5675	75
	Deesa	B.T. Cotton	5285	5275	10
	Dhrol	B.T. Cotton	5320	5370	-50
Haryana	Bhiwani	B.T. Cotton	5725	5700	25
	Bhiwani	Desi	5700	5700	Unch
	Adampur	B.T. Cotton	5525	5525	Unch
	Fatehabad	B.T. Cotton	5550	5550	Unch
	Jind	B.T. Cotton	5760	5650	110
	Uchana	B.T. Cotton	5530	5395	135
	Dabwali	B.T. Cotton	5550	5500	50
Rajasthan	Hanumangarh	B.T. Cotton	5500	5500	Unch
	Rawatsar	B.T. Cotton	5475	5485	-10
Madhya Pradesh	Khandwa	Mech-1	5560	5550	10
	Khargaon	Mech-1	5540	5450	90
Maharashtra	Amravati	Mech-1	5500	5500	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6000	5900	100
	Hathras	Desi	4900	4800	100
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NR	NR	-
	Hubli	D.C.H.	NR	5791	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5560	5500	60
Commodity	Lint		Prices (Rs./Mound)		Change
State	Centre	Variety	02-Jan-19	31-Dec-18	
Punjab	Bhatinda	J-34	4475	4465	10
	Abohar	J-34	4470	4470	Unch
	Mansa	J-34	4440	4435	5
Haryana	Sirsa	J-34	4415	4400	15
Rajasthan	Sri-Ganganagar	J-34	4183	4136	47

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	02-Jan-19	31-Dec-18	
Gujarat	Ahmedabad	Shankar-6	47600	42500	5100
	Gondal	Shankar-6	3210	3952	-742
	Rajkot	B.T. Cotton	5600	5350	250
	Patan	B.T. Cotton	5865	5625	240
	Kadi	B.T. Cotton	20000	20000	Unch
	Deesa	B.T. Cotton	20	15	5
	Dhrol	B.T. Cotton	393	521	-128
Haryana	Bhiwani	B.T. Cotton	2000	1500	500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	680	595	85
	Fatehabad	B.T. Cotton	600	300	300
	Jind	B.T. Cotton	1051	1216	-165
	Uchana	B.T. Cotton	3800	5000	-1200
	Dabwali	B.T. Cotton	400	550	-150
Rajasthan	Hanumangarh	B.T. Cotton	3000	2500	500
	Rawatsar	B.T. Cotton	2000	3000	-1000
Madhya Pradesh	Khandwa	Mech-1	3840	3255	585
	Khargaon	Mech-1	4550	2330	2220
Maharashtra	Amravati	Mech-1	14000	15000	-1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	12	20	-8
	Hathras	Desi	12	10	2
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NR	NR	-
	Hubli	D.C.H.	NR	54	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	405	615	-210
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	02-Jan-19	31-Dec-18	
Punjab	Bhatinda	J-34	6800	4250	2550
	Abohar	J-34	1190	510	680
	Mansa	J-34	340	340	Unch
Haryana	Sirsa	J-34	1360	1360	Unch
Rajasthan	Sri-Ganganagar	J-34	3500	3000	500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	02-Jan-19	31-Dec-18	
Gujarat	Rajkot	Rs. /10 Kg.	695	695	Unch
Delhi	New Delhi	Rs. /10 Kg.	680	675	5
Telangana	Hyderabad	Rs. /10 Kg.	685	695	-10
Maharashtra	Mumbai	Rs. /10 Kg.	708	705	3

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	02-Jan-19	31-Dec-18	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1923	1914	9
Maharashtra	Akola	Rs./Qtl	1926	1887	39

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				01-Jan-19	31-Dec-18	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39800	39800	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40300	40300	Unch
J-34(202)	26mm	3.5 - 4.9	23	41900	41900	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42100	42100	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	43500	43500	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44500	44500	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45400	45400	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	56000	56000	Unch

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

Index	Unit	02-Jan-19	31-Dec-18	Change
CCIndex(328)	RMB/Ton	15369	15375	-6
CCIndex(527)	RMB/Ton	14400	14405	-5
CCIndex(229)	RMB/Ton	15839	15857	-18

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

China Foreign Cotton (FCE) Index :

Index	Unit	02-Jan-19	31-Dec-18	Change
FC Index (S)	Cents/lb	84.79	NR	-
FC Index (M)	Cents/lb	81.21	NR	-
FC Index (L)	Cents/lb	78.02	NR	-

Cotlook Index:

Cotlook Indices	Unit	31-Dec-18	01-Jan-19	Change
A-Index	Cents/Pound	80.8	0	80.80

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		31-Dec-18	31-Dec-18	Bales
Southeast	cents/lb.	70.2	72.45	0
North Delta	cents/lb.	69.45	71.2	0
South Delta	cents/lb.	69.45	71.2	0
East TX-OK	cents/lb.	66.45	68.95	311
West Texas	cents/lb.	66.45	69.2	518
Desert SW	cents/lb.	65.95	70.2	0
SJ Valley	cents/lb.	66.45	75.35	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 Mon December 31, 2018

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-19	181231	72.25	72.86	72.1	72.2	0.01	16,933	1,24,602	315
May-19	181231	73.7	74.2	73.39	73.5	0.01	5,071	37,779	689
Jul-19	181231	74.87	75.31	74.39	74.63	0.11	2,508	17,317	143
Oct-19	181231	73.58	73.58	73.58	73.58	0.19	0	8	0
Dec-19	181231	73.39	73.86	73.12	73.3	0.07	1,475	30,656	101
Mar-20	181231	74.43	74.51	74.12	74.26	0.07	123	1,167	94
Total Volume and Open Interest							26,144	2,12,845	1,361

Pakistan Cotton Spot rates: As on 01 Jan-2019**(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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