

Domestic Fundamentals:**Market Outlook:**

MCX Jan contract witnessed gains in today's trading. 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: India's cotton yield is not increasing during the last few years. As against the world average over 770 kg per hectare, productivity of cotton in India is low at only about 500 kg per hectare. The dip in output is due to a reduction in planting area, water availability, limited improvement in yields; pest and diseases attack were the major reasons to decline in cotton yield in India.

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.

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	-0.1	20890	21030	20870	20950	1028	22	8215	46
Feb-19	-0.09	21130	21260	21110	21200	246	50	2303	164

Spread	Dec-18		-	-	--	--
Spot	-230		-	-	-	-
Feb-19			-	-	-	-

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

* Updated at as on 03-Jan- 2019 @5.00 PM

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	03-Jan-19	02-Jan-19	
Gujarat	Ahmedabad	Shankar-6	5625	5650	-25
	Gondal	Shankar-6	5565	5565	Unch
	Rajkot	B.T. Cotton	5555	5620	-65
	Patan	B.T. Cotton	5585	5630	-45
	Kadi	B.T. Cotton	5700	5750	-50
	Deesa	B.T. Cotton	5250	5285	-35
	Dhrol	B.T. Cotton	5325	5320	5
Haryana	Bhiwani	B.T. Cotton	5680	5725	-45
	Bhiwani	Desi	5700	5700	Unch
	Adampur	B.T. Cotton	5480	5525	-45
	Fatehabad	B.T. Cotton	5480	5550	-70
	Jind	B.T. Cotton	5720	5760	-40
	Uchana	B.T. Cotton	5540	5530	10
	Dabwali	B.T. Cotton	5365	5550	-185
Rajasthan	Hanumangarh	B.T. Cotton	5450	5500	-50
	Rawatsar	B.T. Cotton	5400	5475	-75
Madhya Pradesh	Khandwa	Mech-1	5571	5560	11
	Khargaon	Mech-1	5530	5540	-10
Maharashtra	Amravati	Mech-1	5500	5500	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	6000	6000	Unch
	Hathras	Desi	4900	4900	Unch
Telangana	Adilabad	Un-Ginned	5320	NR	-
Karnataka	Bijapur	Bunny	5889	5881	8
	Hubli	D.C.H.	NR	5821	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5650	5560	90
Commodity	Lint		Prices (Rs./Mound)		Change
State	Centre	Variety	03-Jan-19	02-Jan-19	
Punjab	Bhatinda	J-34	4450	4475	-25
	Abohar	J-34	4450	4470	-20
	Mansa	J-34	4425	4440	-15
Haryana	Sirsa	J-34	4380	4415	-35
Rajasthan	Sri-Ganganagar	J-34	4136	4183	-47

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	03-Jan-19	02-Jan-19	
Gujarat	Ahmedabad	Shankar-6	47600	47600	Unch
	Gondal	Shankar-6	3064	3210	-146
	Rajkot	B.T. Cotton	5000	5600	-600
	Patan	B.T. Cotton	5218	5865	-647
	Kadi	B.T. Cotton	30000	20000	10000
	Deesa	B.T. Cotton	35	20	15
	Dhrol	B.T. Cotton	413	393	20
Haryana	Bhiwani	B.T. Cotton	2000	2000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	680	680	Unch
	Fatehabad	B.T. Cotton	600	600	Unch
	Jind	B.T. Cotton	1454	1051	403
	Uchana	B.T. Cotton	3595	3800	-205
	Dabwali	B.T. Cotton	400	400	Unch
Rajasthan	Hanumangarh	B.T. Cotton	3000	3000	Unch
	Rawatsar	B.T. Cotton	5000	2000	3000
Madhya Pradesh	Khandwa	Mech-1	4230	3840	390
	Khargaon	Mech-1	4490	4550	-60
Maharashtra	Amravati	Mech-1	12000	14000	-2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	12	12	Unch
	Hathras	Desi	12	12	Unch
Telangana	Adilabad	Un-Ginned	11647	NR	-
Karnataka	Bijapur	Bunny	2078	2429	-351
	Hubli	D.C.H.	NR	498	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	457	405	52
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	03-Jan-19	02-Jan-19	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	1190	1190	Unch
	Mansa	J-34	680	340	340
Haryana	Sirsa	J-34	850	1360	-510
Rajasthan	Sri-Ganganagar	J-34	3500	3500	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	03-Jan-19	02-Jan-19	
Gujarat	Rajkot	Rs. /10 Kg.	700	695	5
Delhi	New Delhi	Rs. /10 Kg.	690	680	10
Telangana	Hyderabad	Rs. /10 Kg.	690	685	5
Maharashtra	Mumbai	Rs. /10 Kg.	712	708	4

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	03-Jan-19	02-Jan-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1910	1923	-13
Maharashtra	Akola	Rs./Qtl	1917	1926	-9

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				02-Jan-19	01-Jan-19	
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	42200	42100	100
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	03-Jan-19	02-Jan-19	Change
CCIndex(328)	RMB/Ton	15362	15369	-7
CCIndex(527)	RMB/Ton	14397	14400	-3
CCIndex(229)	RMB/Ton	15822	15839	-17

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

China Foreign Cotton (FCE) Index :

Index	Unit	03-Jan-19	02-Jan-19	Change
FC Index (S)	Cents/lb	83.62	84.79	-1.17

FC Index (M)	Cents/lb	79.98	81.21	-1.23
FC Index (L)	Cents/lb	76.61	78.02	-1.41

Cotlook Index:

Cotlook Indices	Unit	02-Jan-19	01-Jan-19	Change
A-Index	Cents/Pound	80.85	#N/A	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		02-Jan-19	01-Jan-19	Bales
Southeast	cents/lb.	68.84	#N/A	#N/A
North Delta	cents/lb.	68.09	#N/A	#N/A
South Delta	cents/lb.	68.09	#N/A	#N/A
East TX-OK	cents/lb.	65.09	#N/A	#N/A
West Texas	cents/lb.	65.09	#N/A	#N/A
Desert SW	cents/lb.	64.59	#N/A	#N/A
SJ Valley	cents/lb.	65.09	#N/A	#N/A

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 02 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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