

Domestic Fundamentals:**Market Outlook:**

MCX Jan contract on Friday closed up +60 (+ 0.29%) and Feb contract also closed up by +50 (+0.24%). The 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: *With farmers completing the third round of picking in several parts of Telangana, total output is pegged at 50 lakh quintals as against the targeted 3.5 crore quintals.* Unfavourable weather conditions and pink bollworm attacks resulted in extensive crop damage in the State. Dry spells in the initial stages of the kharif season, too, led to stunted growth of bolls. About 20 lakh farmers grew cotton on about 44-45 lakh acres this kharif as against the normal area of 41 lakh acres. In a normal season, farmers get an average yield of 8-10 quintals an acre. This time, however, yields halved due to the pink bollworm menace, which set in early in the season in some areas.

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.

Weather Forecast for tomorrow:

Heavy snowfall: very likely at isolated places over Jammu & Kashmir and Himachal Pradesh.

Heavy rainfall: very likely at isolated places over Punjab and Haryana, Chandigarh & Delhi.

Hailstorm: very likely at isolated places over Jammu Division, Punjab, Haryana, Chandigarh & Delhi, Himachal Pradesh, Uttarakhand and West Uttar Pradesh.

International Fundamentals:

Cotton futures were mostly steady to 7 points higher on Thursday, with March down 1 point. The US dollar was weaker on the day, providing a little support. USDA will not release the Export Sales report on Friday for the second

week in a row due to the government shutdown. The Cotlook A index was up 5 points from the previous day on January 2 at 80.85 cents/lb. The ICAC lowered the midpoint of their average world price to 86.45 cents from 89 cents previously.

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	0.24	21000	21120	21000	21080	722	-306	8314	99
Feb-19	0.24	21280	21350	21280	21320	202	-44	2467	164

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

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

* Updated at as on 04-Jan- 2019 @5.00 PM

Cotton Prices at Key Spot Markets:Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	04-Jan-19	03-Jan-19	
Gujarat	Ahmedabad	Shankar-6	5600	5625	-25
	Gondal	Shankar-6	5550	5565	-15
	Rajkot	B.T. Cotton	5560	5555	5
	Patan	B.T. Cotton	5605	5585	20
	Kadi	B.T. Cotton	5700	5700	Unch
	Deesa	B.T. Cotton	5225	5250	-25
	Dhrol	B.T. Cotton	5300	5325	-25
Haryana	Bhiwani	B.T. Cotton	5700	5680	20
	Bhiwani	Desi	NA	5700	-
	Adampur	B.T. Cotton	5520	5480	40
	Fatehabad	B.T. Cotton	5510	5480	30
	Jind	B.T. Cotton	5750	5720	30
	Uchana	B.T. Cotton	5489	5540	-51
	Dabwali	B.T. Cotton	5400	5365	35
Rajasthan	Hanumangarh	B.T. Cotton	5450	5450	Unch
	Rawatsar	B.T. Cotton	5400	5400	Unch
Madhya Pradesh	Khandwa	Mech-1	5535	5571	-36
	Khargaon	Mech-1	5530	5530	Unch
Maharashtra	Amravati	Mech-1	5500	5500	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5800	6000	-200
	Hathras	Desi	4800	4900	-100
Telangana	Adilabad	Un-Ginned	5330	5320	10
Karnataka	Bijapur	Bunny	5915	5889	26
	Hubli	D.C.H.	NR	5821	-
	Hubli	B.T. Cotton	NR	6501	-
	Raichur	H-44 Cotton	5575	5650	-75
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	04-Jan-19	03-Jan-19	
Punjab	Bhatinda	J-34	4450	4450	Unch
	Abohar	J-34	4450	4450	Unch
	Mansa	J-34	4425	4425	Unch
Haryana	Sirsa	J-34	4385	4380	5
Rajasthan	Sri-Ganganagar	J-34	4136	4136	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	04-Jan-19	03-Jan-19	
Gujarat	Ahmedabad	Shankar-6	47600	47600	Unch
	Gondal	Shankar-6	2844	3064	-220
	Rajkot	B.T. Cotton	4950	5000	-50
	Patan	B.T. Cotton	2225	5218	-2993
	Kadi	B.T. Cotton	35000	30000	5000
	Deesa	B.T. Cotton	5	35	-30
	Dhrol	B.T. Cotton	301	413	-112
Haryana	Bhiwani	B.T. Cotton	2500	2000	500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	850	680	170
	Fatehabad	B.T. Cotton	400	600	-200
	Jind	B.T. Cotton	1501	1454	48
	Uchana	B.T. Cotton	3050	3595	-545
	Dabwali	B.T. Cotton	350	400	-50
Rajasthan	Hanumangarh	B.T. Cotton	1500	3000	-1500
	Rawatsar	B.T. Cotton	2000	5000	-3000
Madhya Pradesh	Khandwa	Mech-1	4650	4230	420
	Khargaon	Mech-1	5700	4490	1210
Maharashtra	Amravati	Mech-1	12000	12000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	12	12	Unch
	Hathras	Desi	15	12	3
Telangana	Adilabad	Un-Ginned	9387	11647	-2260
Karnataka	Bijapur	Bunny	2323	2078	245
	Hubli	D.C.H.	NR	500	-
	Hubli	B.T. Cotton	NR	38	-
	Raichur	H-44 Cotton	540	457	83
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	04-Jan-19	03-Jan-19	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	1190	1190	Unch
	Mansa	J-34	680	680	Unch
Haryana	Sirsa	J-34	1700	850	850
Rajasthan	Sri-Ganganagar	J-34	2500	3500	-1000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	04-Jan-19	03-Jan-19	
Gujarat	Rajkot	Rs. /10 Kg.	700	700	Unch
Delhi	New Delhi	Rs. /10 Kg.	690	690	Unch
Telangana	Hyderabad	Rs. /10 Kg.	690	690	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	715	712	3

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	04-Jan-19	03-Jan-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1941	1910	31
Maharashtra	Akola	Rs./Qtl	1950	1917	33

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				03-Jan-19	02-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	41800	41900	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42200	42200	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 INDICESChina Cotton Index:

Index	Unit	04-Jan-19	03-Jan-19	Change
CCIndex(328)	RMB/Ton	15352	15362	-10
CCIndex(527)	RMB/Ton	14397	14397	Unch
CCIndex(229)	RMB/Ton	15813	15822	-9

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

China Foreign Cotton (FCE) Index :

Index	Unit	04-Jan-19	03-Jan-19	Change
FC Index (S)	Cents/lb	83.62	83.62	Unch

FC Index (M)	Cents/lb	79.98	79.98	Unch
FC Index (L)	Cents/lb	76.61	76.61	Unch

Cotlook Index:

Cotlook Indices	Unit	03-Jan-19	02-Jan-19	Change
A-Index	Cents/Pound	79.65	80.85	-1.20

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		03-Jan-19	02-Jan-19	Bales
Southeast	cents/lb.	68.83	71.09	0
North Delta	cents/lb.	68.08	69.84	0
South Delta	cents/lb.	68.08	69.84	0
East TX-OK	cents/lb.	65.08	67.59	176
West Texas	cents/lb.	65.08	67.84	2886
Desert SW	cents/lb.	64.58	68.84	0
SJ Valley	cents/lb.	65.08	73.99	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 Thu January 03, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-19	190103	70.83	72	70.65	70.83	-0.01	9,103	1,25,586	523
May-19	190103	72.29	73.3	72.12	72.27	0.02	3,617	38,248	501
Jul-19	190103	73.64	74.54	73.49	73.65	0.07	1,728	17,522	361
Oct-19	190103	72.49	72.49	72.49	72.49	0.05	0	8	0
Dec-19	190103	72.25	72.6	72.24	72.59	0.26	834	31,152	328
Mar-20	190103	73.5	73.88	73.5	73.88	0.35	100	1,283	90
Total Volume and Open Interest							15,443	2,15,148	1,830

Pakistan Cotton Spot rates: As on 03 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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