

Domestic Fundamentals:**Market Outlook:**

MCX Jan contract on Friday closed up +40 (+ 0.19% . 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 posted sharp 164-169 point gains on Friday on bargain hunting after hitting 13-month lows earlier this week. March was actually 0.46% higher this week. US and China are expected to meet for trade talks at the start of next

week. The Cotlook A index was down 120 points from the previous day on January 3 at 79.65 cents/lb. IEG Vantage estimates the 2018 US cotton crop at 18.472 million bales, 116,000 bales below USDA's current estimate.

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	0.19	21000	21120	21000	21070	1119	-306	346	99
Feb-19	0.19	21280	21350	21280	21310	346	-44	2501	164
Spread	Dec-18			-	-	-	-	-	-
Spot	-230			-	-	-	-	-	-
Feb-19				-	-	-	-	-	-

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

* Updated at as on 04-Jan- 2019

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	05-Jan-19	04-Jan-19	
Gujarat	Ahmedabad	Shankar-6	5600	5600	Unch
	Gondal	Shankar-6	5590	5550	40
	Rajkot	B.T. Cotton	5575	5560	15
	Patan	B.T. Cotton	5635	5605	30
	Kadi	B.T. Cotton	5800	5700	100
	Deesa	B.T. Cotton	5125	5225	-100
	Dhrol	B.T. Cotton	5345	5300	45
Haryana	Bhiwani	B.T. Cotton	5700	5700	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5535	5520	15
	Fatehabad	B.T. Cotton	5550	5510	40
	Jind	B.T. Cotton	5700	5750	-50
	Uchana	B.T. Cotton	5489	5489	Unch
	Dabwali	B.T. Cotton	5450	5400	50
Rajasthan	Hanumangarh	B.T. Cotton	5525	5450	75
	Rawatsar	B.T. Cotton	5410	5400	10
Madhya Pradesh	Khandwa	Mech-1	5550	5535	15
	Khargaon	Mech-1	5510	5530	-20
Maharashtra	Amravati	Mech-1	Closed	5500	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5800	5800	Unch
	Hathras	Desi	4800	4800	Unch
Telangana	Adilabad	Un-Ginned	NR	5330	-
Karnataka	Bijapur	Bunny	NR	5915	-
	Hubli	D.C.H.	NR	5841	-
	Hubli	B.T. Cotton	NR	6575	-
	Raichur	H-44 Cotton	NR	5575	-
Commodity	Lint		Prices (Rs./Mound)		Change
State	Centre	Variety	05-Jan-19	04-Jan-19	
Punjab	Bhatinda	J-34	4475	4450	25
	Abohar	J-34	4480	4450	30
	Mansa	J-34	4450	4425	25
Haryana	Sirsa	J-34	4410	4385	25
Rajasthan	Sri-Ganganagar	J-34	4136	4136	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	05-Jan-19	04-Jan-19	
Gujarat	Ahmedabad	Shankar-6	47600	47600	Unch
	Gondal	Shankar-6	3048	2844	204
	Rajkot	B.T. Cotton	4900	4950	-50
	Patan	B.T. Cotton	6016	2225	3791
	Kadi	B.T. Cotton	35000	35000	Unch
	Deesa	B.T. Cotton	5	5	Unch
	Dhrol	B.T. Cotton	332	301	31
Haryana	Bhiwani	B.T. Cotton	2000	2500	-500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	680	850	-170
	Fatehabad	B.T. Cotton	400	400	Unch
	Jind	B.T. Cotton	1051	1501	-451
	Uchana	B.T. Cotton	3050	3050	Unch
	Dabwali	B.T. Cotton	550	350	200
Rajasthan	Hanumangarh	B.T. Cotton	3500	1500	2000
	Rawatsar	B.T. Cotton	3000	2000	1000
Madhya Pradesh	Khandwa	Mech-1	5088	4650	438
	Khargaon	Mech-1	7000	5700	1300
Maharashtra	Amravati	Mech-1	Closed	12000	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	12	12	Unch
	Hathras	Desi	15	15	Unch
Telangana	Adilabad	Un-Ginned	NR	9387	-
Karnataka	Bijapur	Bunny	NR	2323	-
	Hubli	D.C.H.	NR	14	-
	Hubli	B.T. Cotton	NR	16	-
	Raichur	H-44 Cotton	NR	540	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	05-Jan-19	04-Jan-19	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	1360	1190	170
	Mansa	J-34	680	680	Unch
Haryana	Sirsa	J-34	2040	1700	340
Rajasthan	Sri-Ganganagar	J-34	2500	2500	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	05-Jan-19	04-Jan-19	
Gujarat	Rajkot	Rs. /10 Kg.	700	700	Unch
Delhi	New Delhi	Rs. /10 Kg.	695	690	5
Telangana	Hyderabad	Rs. /10 Kg.	700	690	10
Maharashtra	Mumbai	Rs. /10 Kg.	715	715	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	05-Jan-19	04-Jan-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1945	1941	4
Maharashtra	Akola	Rs./Qtl	1950	1950	Unch

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				04-Jan-19	03-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	41600	41800	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42200	42200	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	43400	43500	-100
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	05-Jan-19	04-Jan-19	Change
CCIndex(328)	RMB/Ton	Closed	15352	-
CCIndex(527)	RMB/Ton	Closed	14397	-
CCIndex(229)	RMB/Ton	Closed	15813	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	05-Jan-19	04-Jan-19	Change
FC Index (S)	Cents/lb	Closed	83.62	-
FC Index (M)	Cents/lb	Closed	79.98	-
FC Index (L)	Cents/lb	Closed	76.61	-

Cotlook Index:

Cotlook Indices	Unit	04-Jan-19	03-Jan-19	Change
A-Index	Cents/Pound	Closed	79.65	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		04-Jan-19	03-Jan-19	Bales
Southeast	cents/lb.	Closed	71.08	0
North Delta	cents/lb.	Closed	69.83	0
South Delta	cents/lb.	Closed	69.83	0
East TX-OK	cents/lb.	Closed	67.58	3385
West Texas	cents/lb.	Closed	67.83	589
Desert SW	cents/lb.	Closed	68.83	0
SJ Valley	cents/lb.	Closed	73.98	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 January 04, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-19	190104	71	73.37	70.93	72.52	1.69	18,923	1,25,415	-171
May-19	190104	72.37	74.62	72.37	73.94	1.67	7,176	40,176	1,928
Jul-19	190104	73.75	75.89	73.75	75.29	1.64	4,017	18,222	700
Oct-19	190104	73.81	73.81	73.81	73.81	1.32	0	8	0
Dec-19	190104	72.6	74.13	72.6	73.84	1.25	1,750	31,274	122
Mar-20	190104	74	75.03	74	75.03	1.15	323	1,549	266
Total Volume and Open Interest							32,201	2,18,000	2,852

Pakistan Cotton Spot rates: As on 04 Jan-2019**(in Pakistan Rupees)**

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

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