

Domestic Fundamentals:**Market Outlook:**

Cotton spot market prices are noticed mixed trend for the day .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: The CAI has estimated cotton crop for 2018-19 season at 335 lakh bales of 170 kgs each which is lower by 5.25 lakh bales than its previous estimate of 340.25 lakh bales made during last month. Statements containing the State-wise estimate of the cotton crop and the Balance Sheet for the crop year 2018-19 with the corresponding data for the previous year are enclosed. The CAI has reduced the crop estimate for Gujarat, Maharashtra and Telangana by 1.50 lakh bales, 2 lakh bales and 2 lakh bales respectively. The main reason for reduction in cotton crop is that farmers have uprooted their cotton plants in about 70-80% cotton area due to moisture deficiency due to less rains and as a result of which there is no scope for 3rd and 4th pickings.

Agriwatch expecting this year imports of cotton may reach up 25-27 lakh bales as against last year's of 15 lakh bales. This is supported by weak global prices, which have touched their lowest levels in more than a year at 72.1 cents per pound for ICE futures on January 3, and also we can see the volatility in exchange rate, and also expectation of lower output this year leads import more cotton. Even if imports are higher than last year, they will face quality limitations. All the good quality cotton of the US, Australia and Brazil has already been sold.

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 350 lakh 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.

Weather Forecast for tomorrow:

Dense to very dense fog very likely at few places over Haryana and isolated pockets over Punjab, Chandigarh, Delhi, lower reaches of Himachal Pradesh, West Uttar Pradesh, north Rajasthan and Madhya 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	0.38	21200	21280	21040	40	1264	145	8313	7967
Feb-19	0.33	21420	21480	21280	21380	365	19	2504	3

Spread	Dec-18		-	-	--	--
Spot	-200		-	-	-	-
Feb-19			-	-	-	-

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

* Updated at as on 07-Jan- 2019 @5.00pm

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

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	07-Jan-19	05-Jan-19	
Gujarat	Ahmedabad	Shankar-6	5650	5600	50
	Gondal	Shankar-6	5590	5590	Unch
	Rajkot	B.T. Cotton	5565	5575	-10
	Patan	B.T. Cotton	5700	5635	65
	Kadi	B.T. Cotton	5800	5800	Unch
	Deesa	B.T. Cotton	5135	5125	10
	Dhrol	B.T. Cotton	5415	5345	70
Haryana	Bhiwani	B.T. Cotton	5725	5700	25
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5500	5535	-35
	Fatehabad	B.T. Cotton	5500	5550	-50
	Jind	B.T. Cotton	5760	5700	60
	Uchana	B.T. Cotton	5520	5489	31
	Dabwali	B.T. Cotton	5420	5450	-30
Rajasthan	Hanumangarh	B.T. Cotton	5520	5525	-5
	Rawatsar	B.T. Cotton	5435	5410	25
Madhya Pradesh	Khandwa	Mech-1	5600	5550	50
	Khargaon	Mech-1	5575	5510	65
Maharashtra	Amravati	Mech-1	5525	Closed	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5600	5800	-200
	Hathras	Desi	4900	4800	100

Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	5931	NR	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5575	NR	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	07-Jan-19	05-Jan-19	
Punjab	Bhatinda	J-34	4485	4475	10
	Abohar	J-34	4485	4480	5
	Mansa	J-34	4450	4450	Unch
Haryana	Sirsa	J-34	4420	4410	10
Rajasthan	Sri-Ganganagar	J-34	4183	4136	47

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	07-Jan-19	05-Jan-19	
Gujarat	Ahmedabad	Shankar-6	51000	47600	3400
	Gondal	Shankar-6	3279	3048	231
	Rajkot	B.T. Cotton	5250	4900	350
	Patan	B.T. Cotton	4735	6016	-1281
	Kadi	B.T. Cotton	35000	35000	Unch
	Deesa	B.T. Cotton	10	5	5
	Dhrol	B.T. Cotton	361	332	29
Haryana	Bhiwani	B.T. Cotton	2500	#N/A	-
	Bhiwani	Desi	NA	#N/A	-
	Adampur	B.T. Cotton	1020	#N/A	-
	Fatehabad	B.T. Cotton	400	#N/A	-
	Jind	B.T. Cotton	1454	#N/A	-
	Uchana	B.T. Cotton	3590	#N/A	-
	Dabwali	B.T. Cotton	850	#N/A	-
Rajasthan	Hanumangarh	B.T. Cotton	2500	3500	-1000
	Rawatsar	B.T. Cotton	2000	3000	-1000
Madhya Pradesh	Khandwa	Mech-1	4000	5088	-1088
	Khargaon	Mech-1	4050	7000	-2950
Maharashtra	Amravati	Mech-1	13000	Closed	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	80	12	68
	Hathras	Desi	12	15	-3
Telangana	Adilabad	Un-Ginned	NR	NR	-

Karnataka	Bijapur	Bunny	2889	NR	-
	Hubli	D.C.H.	NR	20	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	757	NR	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	07-Jan-19	05-Jan-19	
Punjab	Bhatinda	J-34	7650	6800	850
	Abohar	J-34	1700	1360	340
	Mansa	J-34	1020	680	340
Haryana	Sirsa	J-34	850	2040	-1190
Rajasthan	Sri-Ganganagar	J-34	3500	2500	1000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	07-Jan-19	05-Jan-19	
Gujarat	Rajkot	Rs. /10 Kg.	700	700	Unch
Delhi	New Delhi	Rs. /10 Kg.	695	695	Unch
Telangana	Hyderabad	Rs. /10 Kg.	705	700	5
Maharashtra	Mumbai	Rs. /10 Kg.	718	715	3

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	07-Jan-19	05-Jan-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1942	1945	-3
Maharashtra	Akola	Rs./Qtl	1945	1950	-5

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				05-Jan-19	04-Jan-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39900	39800	100
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40400	40300	100
J-34(202)	26mm	3.5 - 4.9	23	41900	41600	300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42300	42200	100
Shankar-6(105)	29mm	3.5 - 4.9	28	43500	43400	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	07-Jan-19	05-Jan-19	Change
CCIndex(328)	RMB/Ton	15353	Closed	-
CCIndex(527)	RMB/Ton	14402	Closed	-
CCIndex(229)	RMB/Ton	15816	Closed	-
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	07-Jan-19	05-Jan-19	Change
FC Index (S)	Cents/lb	85.36	Closed	-
FC Index (M)	Cents/lb	81.68	Closed	-
FC Index (L)	Cents/lb	78.43	Closed	-

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 05 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

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2018 Indian Agribusiness Systems Pvt. Ltd.