

**Domestic Fundamentals:****Market Outlook:**

*The Cotton spot market prices have been higher this season on account of bullish global cues. Also, pace of arrivals in India has been slow as farmers await better prices. Prices may strengthen gradually over the next few months as arrivals are expected to remain slow and demand might improve significantly from China, Vietnam, Bangladesh and Pakistan. In the coming month we expect Kapas price to remain in the band of Rs 5450 to 6000 per quintal in the Rajkot market. Lint price at Sirsa is likely to be in range of Rs 4200-4800 per maund.*

***In the News:*** *As per the latest estimates by Agriwatch, cotton output in country during the season 2018-19 would be around 338.22 lakh bales (of 170 kg each) which is lower compared to 365 lakh bales of last season. AW has reduced the crop estimate for Gujarat to around 92.82 lakh bales (from 108 lakh bales last year), Maharashtra to around 72 lakh bales (83 lakh last year), Telangana and AP by 52.00 lakh and 16.50 lakh bales respectively. The main reason for reduction in cotton crop is that farmers have uprooted more than 50% of their cotton crop after second picking and foregone the third and fourth pickings due to moisture deficiency and pest attacks. Dry spells in the initial stages of the crop, too, led to stunted growth of bolls, were the major reasons to decline in cotton yield in India.*

***Agriwatch expects imports of cotton during current year may reach 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 by December. The volatility in exchange rate, and expectation of lower output this year leads to higher imports of cotton. Although imports are higher than last year, importers are finding it difficult to locate quality material as good quality cotton of the US, Australia and Brazil has already been sold. Also, exports have declined to 53 lakh bales compared to 70 lakh bales during corresponding period of last year. The reduction in exports is mainly due to stronger Indian Rupee, lower production and weak international prices.*

***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.*

***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.*

**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 11 to 23 point gains in most contracts on Monday.** The nearby contracts were more than 100 points off their highs. The dollar was weaker on the day, with crude oil higher to support the synthetic fiber markets. The US and China met in Beijing on Monday and will again on Tuesday for trade talks. China has been rolling previous 2018/18 purchases into the 2019/20 delivery period recently.

**U.S. cotton production is estimated at nearly 18.6 million bales- around 2.3 million bales (11 percent) below the 2017 crop.** Planted and harvested area this season are estimated at 14.0 million and 10.4 million acres, respectively; detrimental weather conditions in the Southwest and Southeast this season pushed the national abandonment rate to 26 percent, the highest in 5 years. The 2018 national yield is forecast at 860 pounds per harvested acre, below last season's record of 905 pounds but above the 3-year average of 846 pounds. Upland cotton production is estimated at 17.8 million bales, the second largest in a decade. The extra-long staple (ELS) crop is forecast at 771,000 bales, the largest since 2012's 780,000 bales.

**For China, 2018/19 cotton production is projected at 27.0 million bales, 500,000 bales (2 percent) below a year earlier, with both harvested area and yield forecast lower.** Most of China's cotton is produced in the western region of Xinjiang, where yields are significantly higher and have resulted in record yields for China in recent years as Xinjiang's share of the crop has risen. However, the national yield in 2018/19 is expected to dip below the 2017/18 record of 1,761 kg per hectare to 1,755 kg per hectare.

**Pakistan's production in 2018/19 is forecast at 7.4 million bales, 800,000 bales (10 percent) below 2017/18 and the smallest crop there in 3 years.** An 11-percent reduction in area is largely responsible for this season's decline, as yield is projected to rise slightly to the 5-year average of 671 kg per hectare. For Australia, lower area and yield are reducing the crop by nearly 50 percent to 2.5 million bales, the lowest in 4 years.

**Cotton production in Brazil is forecast to reach 11.0 million bales in 2018/19, 1.8 million bales (19 percent) above last season.** Excellent growing conditions, in addition to favourable prices, are expected to push plantings—which largely occur in December and January—to 1.4 million hectares, the highest since a similar amount was harvested in 2011/12. Brazil's yield is also forecast higher in 2018/19, reaching a record of 1,711 kg per hectare and eclipsing 2017/18's high of 1,708 kg per hectare.

#### **MCX Cotton Futures\*: (Prices in Rs/170 kgs)**

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-19	0.1	20940	20980	20810	20960	1145	-119	8305	-8
Feb-19	0.09	21190	21230	21060	21200	316	-49	2569	65

Spread	Dec-18		-	-	--	--
Spot	-250		-	-	-	-
Feb-19			-	-	-	-

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

\* Updated at as on 08-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	08-Jan-19	07-Jan-19	
Gujarat	Ahmedabad	Shankar-6	5625	5600	25
	Gondal	Shankar-6	5565	5590	-25
	Rajkot	B.T. Cotton	5590	5575	15
	Patan	B.T. Cotton	5640	5635	5
	Kadi	B.T. Cotton	5700	5800	-100
	Deesa	B.T. Cotton	5000	5125	-125
	Dhrol	B.T. Cotton	5365	5345	20
Haryana	Bhiwani	B.T. Cotton	5700	5700	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5470	5535	-65
	Fatehabad	B.T. Cotton	5475	5550	-75
	Jind	B.T. Cotton	5650	5700	-50
	Uchana	B.T. Cotton	5507	5489	18
	Dabwali	B.T. Cotton	5385	5450	-65
Rajasthan	Hanumangarh	B.T. Cotton	5450	5525	-75
	Rawatsar	B.T. Cotton	5440	5410	30
Madhya Pradesh	Khandwa	Mech-1	5600	5550	50
	Khargaon	Mech-1	5525	5510	15
Maharashtra	Amravati	Mech-1	5450	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	NR	NR	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5600	NR	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	08-Jan-19	07-Jan-19	
Punjab	Bhatinda	J-34	4470	4485	-15
	Abohar	J-34	4470	4485	-15
	Mansa	J-34	4435	4450	-15
Haryana	Sirsa	J-34	4410	4420	-10
Rajasthan	Sri-Ganganagar	J-34	4117	4183	-66

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	08-Jan-19	07-Jan-19	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	2929	3279	-350
	Rajkot	B.T. Cotton	5200	5250	-50
	Patan	B.T. Cotton	4742	4735	7
	Kadi	B.T. Cotton	35000	35000	Unch
	Deesa	B.T. Cotton	10	10	Unch
	Dhrol	B.T. Cotton	361	361	Unch
Haryana	Bhiwani	B.T. Cotton	2000	2000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	510	510	Unch
	Fatehabad	B.T. Cotton	600	600	Unch
	Jind	B.T. Cotton	1051	1051	Unch
	Uchana	B.T. Cotton	3085	3085	Unch
	Dabwali	B.T. Cotton	550	550	Unch
Rajasthan	Hanumangarh	B.T. Cotton	2500	2500	Unch
	Rawatsar	B.T. Cotton	2000	2000	Unch
Madhya Pradesh	Khandwa	Mech-1	4755	4000	755
	Khargaon	Mech-1	9510	4050	5460
Maharashtra	Amravati	Mech-1	14000	13000	1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	80	80	Unch
	Hathras	Desi	12	12	Unch
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NR	2889	-
	Hubli	D.C.H.	NR	15	-
	Hubli	B.T. Cotton	NR	16	-
	Raichur	H-44 Cotton	367	757	-390
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	08-Jan-19	07-Jan-19	
Punjab	Bhatinda	J-34	6800	7650	-850
	Abohar	J-34	1530	1700	-170
	Mansa	J-34	1020	1020	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	08-Jan-19	07-Jan-19	
Gujarat	Rajkot	Rs. /10 Kg.	705	700	5
Delhi	New Delhi	Rs. /10 Kg.	700	695	5
Telangana	Hyderabad	Rs. /10 Kg.	710	705	5
Maharashtra	Mumbai	Rs. /10 Kg.	720	718	2

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	08-Jan-19	07-Jan-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1918	1942	-24
Maharashtra	Akola	Rs./Qtl	1923	1945	-22

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				07-Jan-19	05-Jan-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39900	39900	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40400	40400	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	42300	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	43300	43500	-200
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	08-Jan-19	07-Jan-19	Change
CCIndex(328)	RMB/Ton	15358	15353	5
CCIndex(527)	RMB/Ton	14401	14402	-1
CCIndex(229)	RMB/Ton	15822	15816	6

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

China Foreign Cotton (FCE) Index :

Index	Unit	08-Jan-19	07-Jan-19	Change
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FC Index (S)	Cents/lb	85.52	85.36	0.16
FC Index (M)	Cents/lb	81.93	81.68	0.25
FC Index (L)	Cents/lb	78.68	78.43	0.25

**Cotlook Index:**

Cotlook Indices	Unit	07-Jan-19	05-Jan-19	Change
A-Index	Cents/Pound	81.5	#N/A	-

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		07-Jan-19	05-Jan-19	Bales
Southeast	cents/lb.	70.75	#N/A	#N/A
North Delta	cents/lb.	70	#N/A	#N/A
South Delta	cents/lb.	70	#N/A	#N/A
East TX-OK	cents/lb.	67	#N/A	#N/A
West Texas	cents/lb.	67	#N/A	#N/A
Desert SW	cents/lb.	66.5	#N/A	#N/A
SJ Valley	cents/lb.	67	#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 January 07, 2019**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Mar-19</a>	190107	72.52	73.92	72.48	72.75	0.23	14,610	1,25,562	147
<a href="#">May-19</a>	190107	73.99	75.23	73.92	74.1	0.16	6,787	38,652	-1,524
<a href="#">Jul-19</a>	190107	75.33	76.45	75.24	75.4	0.11	4,559	19,333	1,111
<a href="#">Oct-19</a>	190107	74.04	74.04	74.04	74.04	0.23	0	8	0
<a href="#">Dec-19</a>	190107	73.71	74.7	73.71	74.09	0.25	1,917	31,655	381
<a href="#">Mar-20</a>	190107	75.38	75.75	75.3	75.3	0.27	240	1,737	188
Total Volume and Open Interest							28,165	2,18,338	338

**Pakistan Cotton Spot rates: As on 07 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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