

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

**MCX JAN cotton contract on Tuesday closed down -50 (-0.24%) and Feb contract also remained same.** The prices remained stagnant and there no movement from last few days. 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	0.19	20920	21040	20880	20990	2031	886	7949	-356
Feb-19	0.28	21200	21260	21110	21220	520	204	2041	-528

Spread	Dec-18		-	-	--	--
Spot	-220		-	-	-	-
Feb-19			-	-	-	-

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

\* Updated at as on 09-Jan- 2019 @5.00pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	09-Jan-19	08-Jan-19	
Gujarat	Ahmedabad	Shankar-6	5625	5600	25
	Gondal	Shankar-6	5615	5590	25
	Rajkot	B.T. Cotton	5575	5575	Unch
	Patan	B.T. Cotton	5555	5635	-80
	Kadi	B.T. Cotton	5800	5800	Unch
	Deesa	B.T. Cotton	4950	5125	-175
	Dhrol	B.T. Cotton	5305	5345	-40
Haryana	Bhiwani	B.T. Cotton	5680	5700	-20
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5450	5535	-85
	Fatehabad	B.T. Cotton	5450	5550	-100
	Jind	B.T. Cotton	5680	5700	-20
	Uchana	B.T. Cotton	5480	5489	-9
	Dabwali	B.T. Cotton	5360	5450	-90
Rajasthan	Hanumangarh	B.T. Cotton	5400	5525	-125
	Rawatsar	B.T. Cotton	5350	5410	-60
Madhya Pradesh	Khandwa	Mech-1	5565	5550	15
	Khargaon	Mech-1	5530	5510	20
Maharashtra	Amravati	Mech-1	5425	Closed	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5600	5800	-200
	Hathras	Desi	4900	4800	100
Telangana	Adilabad	Un-Ginned	5320	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./Maund)		Change
State	Centre	Variety	09-Jan-19	08-Jan-19	
Punjab	Bhatinda	J-34	4435	4470	-35
	Abohar	J-34	4440	4470	-30
	Mansa	J-34	4400	4435	-35
Haryana	Sirsa	J-34	#N/A	#N/A	-
Rajasthan	Sri-Ganganagar	J-34	4089	4117	-28

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	09-Jan-19	08-Jan-19	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	2674	2929	-255
	Rajkot	B.T. Cotton	4550	5200	-650
	Patan	B.T. Cotton	4537	4742	-205
	Kadi	B.T. Cotton	30000	35000	-5000
	Deesa	B.T. Cotton	5	10	-5
	Dhrol	B.T. Cotton	531	361	170
Haryana	Bhiwani	B.T. Cotton	2500	2500	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	1190	1190	Unch
	Fatehabad	B.T. Cotton	500	500	Unch
	Jind	B.T. Cotton	2380	2380	Unch
	Uchana	B.T. Cotton	3225	3225	Unch
	Dabwali	B.T. Cotton	400	400	Unch
Rajasthan	Hanumangarh	B.T. Cotton	3000	2500	500
	Rawatsar	B.T. Cotton	3000	2000	1000
Madhya Pradesh	Khandwa	Mech-1	3180	4755	-1575
	Khargaon	Mech-1	6600	9510	-2910
Maharashtra	Amravati	Mech-1	13000	14000	-1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	80	80	Unch
	Hathras	Desi	12	12	Unch
Telangana	Adilabad	Un-Ginned	13798	14728	-930
Karnataka	Bijapur	Bunny	NR	NR	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	450	367	83
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	09-Jan-19	08-Jan-19	
Punjab	Bhatinda	J-34	8500	6800	1700
	Abohar	J-34	1530	1530	Unch
	Mansa	J-34	1190	1020	170
Haryana	Sirsa	J-34	2040	1700	340
Rajasthan	Sri-Ganganagar	J-34	2000	2500	-500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	09-Jan-19	08-Jan-19	
Gujarat	Rajkot	Rs. /10 Kg.	705	705	Unch
Delhi	New Delhi	Rs. /10 Kg.	705	700	5
Telangana	Hyderabad	Rs. /10 Kg.	710	710	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	722	720	2

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	09-Jan-19	08-Jan-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1913	1918	-5
Maharashtra	Akola	Rs./Qtl	1915	1923	-8

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				08-Jan-19	07-Jan-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40200	39900	300
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40700	40400	300
J-34(202)	26mm	3.5 - 4.9	23	41700	41900	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42100	42200	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	43200	43300	-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	09-Jan-19	08-Jan-19	Change
CCIndex(328)	RMB/Ton	15361	15358	3
CCIndex(527)	RMB/Ton	14406	14401	5
CCIndex(229)	RMB/Ton	15830	15822	8

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

**China Foreign Cotton (FCE) Index :**

Index	Unit	09-Jan-19	08-Jan-19	Change
FC Index (S)	Cents/lb	84.52	85.52	-1.00

FC Index (M)	Cents/lb	80.93	81.93	-1.00
FC Index (L)	Cents/lb	77.68	78.68	-1.00

**Cotlook Index:**

Cotlook Indices	Unit	08-Jan-19	07-Jan-19	Change
A-Index	Cents/Pound	81.9	81.5	0.40

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		08-Jan-19	07-Jan-19	Bales
Southeast	cents/lb.	69.67	73	0
North Delta	cents/lb.	68.92	71.75	0
South Delta	cents/lb.	68.92	71.75	0
East TX-OK	cents/lb.	65.92	69.5	2153
West Texas	cents/lb.	65.92	69.75	5245
Desert SW	cents/lb.	65.42	70.75	0
SJ Valley	cents/lb.	65.92	75.9	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 Tue January 08, 2019**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Mar-19</a>	190108	72.81	73.85	71.54	71.67	-1.08	19,774	1,26,870	1,308
<a href="#">May-19</a>	190108	74.23	75.12	72.95	73.07	-1.03	8,851	39,088	436
<a href="#">Jul-19</a>	190108	75.66	76.3	74.27	74.4	-1	5,119	20,434	1,101
<a href="#">Oct-19</a>	190108	73.18	73.18	73.18	73.18	-0.86	0	8	0
<a href="#">Dec-19</a>	190108	74.22	74.8	73	73.23	-0.86	2,756	31,922	267
<a href="#">Mar-20</a>	190108	74.68	74.77	74.3	74.47	-0.83	199	1,851	114
Total Volume and Open Interest							36,706	2,21,568	3,230

**Pakistan Cotton Spot rates: As on 08 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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