

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

**MCX Feb cotton contract on Wednesday closed down +50 (+0.24%).** The prices remained range-bound and there no much 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:** According AP Agricultural Department, Cotton output in the state, in the 2018-19 season is seen declining 6% on year to 1.91 mln bales. Yield is seen at 525 kg per ha compared with 580 kg per ha in 2017-18. Agriwatch is expecting cotton output for the season for the state it will be around 1.65 mln bales.

**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.

**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:**

**ICE March cotton settled at 73.13 cents, up 1.46 cents, July was at 75.66 cents, up 1.26 cents and December was at 74.19 cents, up 0.96 cent.** Wednesday's estimated volume was 35,900 contracts traded. Sharply higher crude oil prices and a weaker dollar were supportive. Some of the focus in the recent US/China trade talks was over China's pledge to buy a substantial amount of US goods. At the moment, we have little way of gauging current export demand with the government shutdown keeping the Export Sales reports from being released.

**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	-0.24	20940	21090	20870	20870	856	-1175	8099	150
Feb-19	-0.24	21240	21300	21130	21130	216	-304	2789	748

Spread	Dec-18		-	-	--	--
Spot	-210		-	-	-	-
Feb-19			-	-	-	-

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

\* Updated at as on 10-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	10-Jan-19	09-Jan-19	
Gujarat	Ahmedabad	Shankar-6	5650	5600	50
	Gondal	Shankar-6	5575	5590	-15
	Rajkot	B.T. Cotton	5560	5575	-15
	Patan	B.T. Cotton	5550	5635	-85
	Kadi	B.T. Cotton	5750	5800	-50
	Deesa	B.T. Cotton	4985	5125	-140
	Dhrol	B.T. Cotton	5275	5345	-70
Haryana	Bhiwani	B.T. Cotton	5650	5700	-50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5480	5535	-55
	Fatehabad	B.T. Cotton	5500	5550	-50
	Jind	B.T. Cotton	5620	5700	-80
	Uchana	B.T. Cotton	5408	5489	-81
	Dabwali	B.T. Cotton	5415	5450	-35
Rajasthan	Hanumangarh	B.T. Cotton	5450	5525	-75
	Rawatsar	B.T. Cotton	5360	5410	-50
Madhya Pradesh	Khandwa	Mech-1	5500	5550	-50
	Khargaon	Mech-1	5477	5510	-33
Maharashtra	Amravati	Mech-1	5400	Closed	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5800	5800	Unch
	Hathras	Desi	5000	4800	200
Telangana	Adilabad	Un-Ginned	5320	NR	-
Karnataka	Bijapur	Bunny	5939	NR	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	NR	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	10-Jan-19	09-Jan-19	
Punjab	Bhatinda	J-34	4430	4435	-5
	Abohar	J-34	4460	4440	20
	Mansa	J-34	4425	4400	25
Haryana	Sirsa	J-34	#N/A	#N/A	-
Rajasthan	Sri-Ganganagar	J-34	4136	4089	47

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	10-Jan-19	09-Jan-19	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	3032	2674	358
	Rajkot	B.T. Cotton	5000	4550	450
	Patan	B.T. Cotton	3281	4537	-1256
	Kadi	B.T. Cotton	30000	30000	Unch
	Deesa	B.T. Cotton	5	5	Unch
	Dhrol	B.T. Cotton	175	531	-356
Haryana	Bhiwani	B.T. Cotton	1500	1500	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	680	680	Unch
	Fatehabad	B.T. Cotton	500	500	Unch
	Jind	B.T. Cotton	1173	1173	Unch
	Uchana	B.T. Cotton	3965	3965	Unch
	Dabwali	B.T. Cotton	450	450	Unch
Rajasthan	Hanumangarh	B.T. Cotton	2500	3000	-500
	Rawatsar	B.T. Cotton	1000	3000	-2000
Madhya Pradesh	Khandwa	Mech-1	3990	3180	810
	Khargaon	Mech-1	7630	6600	1030
Maharashtra	Amravati	Mech-1	13000	13000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	30	80	-50
	Hathras	Desi	5	12	-7
Telangana	Adilabad	Un-Ginned	12505	13798	-1293
Karnataka	Bijapur	Bunny	3443	NR	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	450	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	10-Jan-19	09-Jan-19	
Punjab	Bhatinda	J-34	8500	8500	Unch
	Abohar	J-34	1020	1530	-510
	Mansa	J-34	1020	1190	-170
Haryana	Sirsa	J-34	1020	2040	-1020
Rajasthan	Sri-Ganganagar	J-34	2500	2000	500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	10-Jan-19	09-Jan-19	
Gujarat	Rajkot	Rs. /10 Kg.	705	705	Unch
Delhi	New Delhi	Rs. /10 Kg.	705	705	Unch
Telangana	Hyderabad	Rs. /10 Kg.	710	710	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	730	722	8

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	10-Jan-19	09-Jan-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1919	1913	6
Maharashtra	Akola	Rs./Qtl	1914	1915	-1

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				09-Jan-19	08-Jan-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40200	40200	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40700	40700	Unch
J-34(202)	26mm	3.5 - 4.9	23	41500	41700	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42000	42100	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	43000	43200	-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 INDICES****China Cotton Index:**

Index	Unit	10-Jan-19	09-Jan-19	Change
CCIndex(328)	RMB/Ton	15368	15361	7
CCIndex(527)	RMB/Ton	14415	14406	9
CCIndex(229)	RMB/Ton	15843	15830	13

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

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

Index	Unit	10-Jan-19	09-Jan-19	Change
FC Index (S)	Cents/lb	86.01	84.52	1.49
FC Index (M)	Cents/lb	82.42	80.93	1.49
FC Index (L)	Cents/lb	79.17	77.68	1.49

**Cotlook Index:**

Cotlook Indices	Unit	09-Jan-19	08-Jan-19	Change
A-Index	Cents/Pound	81.05	81.9	-0.85

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		09-Jan-19	08-Jan-19	Bales
Southeast	cents/lb.	71.13	71.92	0
North Delta	cents/lb.	70.38	70.67	0
South Delta	cents/lb.	70.38	70.67	0
East TX-OK	cents/lb.	67.38	68.42	2382
West Texas	cents/lb.	67.38	68.67	2393
Desert SW	cents/lb.	66.88	69.67	0
SJ Valley	cents/lb.	67.38	74.82	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 Wed January 09, 2019**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Mar-19</a>	190109	71.64	73.64	71.64	73.13	1.46	14,287	1,28,184	1,314
<a href="#">May-19</a>	190109	73.07	74.92	73.06	74.52	1.45	4,031	39,689	601
<a href="#">Jul-19</a>	190109	74.4	76	74.4	75.66	1.26	2,812	20,509	75
<a href="#">Oct-19</a>	190109	74.54	74.54	74.54	74.54	1.36	0	8	0
<a href="#">Dec-19</a>	190109	73.23	74.56	73.23	74.19	0.96	2,098	32,372	450
<a href="#">Mar-20</a>	190109	75.07	75.62	75.07	75.37	0.9	144	1,951	100
Total Volume and Open Interest							23,411	2,24,146	2,578

**Pakistan Cotton Spot rates: As on 09 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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