

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

**MCX Jan cotton contract on Thursday closed down +170 (-0.81%).** 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:** On the technical front, the cotton 29 mm January contract at MCX shows some recovery. However, still the trend is down as prices are trading below 20-day EMA on the daily chart. The near-term resistance is set at 21'600-21'650 and the nearest support at 20'600-20'650.

**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:**

*During the next 24 hours, light to moderate rain and snow is expected over many places of Jammu and Kashmir, Himachal Pradesh and isolated pockets of Uttarakhand and Arunachal Pradesh. Isolated rains may also occur over North Punjab. Minimums are expected to rise over the northwestern plains and maximums may drop over Jammu and Kashmir, Himachal Pradesh, Uttarakhand and parts of Punjab. Pollution levels over Delhi-NCR will remain unchanged.*

**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	0.1	20770	20840	20730	20770	639	-217	8002	-97
Feb-19	0.1	21070	21130	21000	21040	223	7	2974	185

Spread	Dec-18		-	-	--	--
Spot	-290		-	-	-	-
Feb-19			-	-	-	-

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

\* Updated at as on 14-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	14-Jan-19	12-Jan-19	
Gujarat	Ahmedabad	Shankar-6	Closed	5600	-
	Gondal	Shankar-6	Closed	5555	-
	Rajkot	B.T. Cotton	Closed	5550	-
	Patan	B.T. Cotton	Closed	5535	-
	Kadi	B.T. Cotton	Closed	5600	-
	Deesa	B.T. Cotton	Closed	5225	-
	Dhrol	B.T. Cotton	Closed	5270	-
Haryana	Bhiwani	B.T. Cotton	5600	5600	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5450	5450	Unch
	Fatehabad	B.T. Cotton	5470	5470	Unch
	Jind	B.T. Cotton	5550	5550	Unch
	Uchana	B.T. Cotton	5387	5405	-18
	Dabwali	B.T. Cotton	Closed	5375	-
Rajasthan	Hanumangarh	B.T. Cotton	Closed	5440	-
	Rawatsar	B.T. Cotton	5325	5325	Unch
Madhya Pradesh	Khandwa	Mech-1	5500	5580	-80
	Khargaon	Mech-1	5470	5505	-35
Maharashtra	Amravati	Mech-1	5375	5400	-25
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5800	5800	Unch
	Hathras	Desi	5000	5000	Unch

Telangana	Adilabad	Un-Ginned	NR	5300	-
Karnataka	Bijapur	Bunny	5985	NR	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5600	5600	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	14-Jan-19	12-Jan-19	
Punjab	Bhatinda	J-34	4400	4445	-45
	Abohar	J-34	4435	4450	-15
	Mansa	J-34	Closed	4400	-
Haryana	Sirsa	J-34	4350	4360	-10
Rajasthan	Sri-Ganganagar	J-34	4089	4089	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	14-Jan-19	12-Jan-19	
Gujarat	Ahmedabad	Shankar-6	Closed	42500	-
	Gondal	Shankar-6	Closed	2176	-
	Rajkot	B.T. Cotton	Closed	4400	-
	Patan	B.T. Cotton	Closed	3607	-
	Kadi	B.T. Cotton	Closed	15000	-
	Deesa	B.T. Cotton	Closed	5	-
	Dhrol	B.T. Cotton	Closed	373	-
Haryana	Bhiwani	B.T. Cotton	1500	1000	500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	510	595	-85
	Fatehabad	B.T. Cotton	400	600	-200
	Jind	B.T. Cotton	1386	1284	102
	Uchana	B.T. Cotton	2900	3700	-800
	Dabwali	B.T. Cotton	Closed	370	-
Rajasthan	Hanumangarh	B.T. Cotton	Closed	2200	-
	Rawatsar	B.T. Cotton	2000	2000	Unch
Madhya Pradesh	Khandwa	Mech-1	4200	4170	30
	Khargaon	Mech-1	3333	8390	-5057
Maharashtra	Amravati	Mech-1	11000	14000	-3000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	30	30	Unch
	Hathras	Desi	5	5	Unch
Telangana	Adilabad	Un-Ginned	NR	12887	-

Karnataka	Bijapur	Bunny	1607	NR	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	247	637	-390
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	14-Jan-19	12-Jan-19	
Punjab	Bhatinda	J-34	3400	6800	-3400
	Abohar	J-34	850	850	Unch
	Mansa	J-34	Closed	1020	-
Haryana	Sirsa	J-34	850	1700	-850
Rajasthan	Sri-Ganganagar	J-34	2000	3000	-1000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	14-Jan-19	12-Jan-19	
Gujarat	Rajkot	Rs. /10 Kg.	Closed	710	-
Delhi	New Delhi	Rs. /10 Kg.	700	705	-5
Telangana	Hyderabad	Rs. /10 Kg.	Closed	710	-
Maharashtra	Mumbai	Rs. /10 Kg.	730	730	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	14-Jan-19	12-Jan-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	Closed	1915	-
Maharashtra	Akola	Rs./Qtl	1910	1921	-11

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				13-Jan-19	12-Jan-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	#N/A	40400	-
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	#N/A	40900	-
J-34(202)	26mm	3.5 - 4.9	23	#N/A	41400	-
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	#N/A	41500	-
Shankar-6(105)	29mm	3.5 - 4.9	28	#N/A	42600	-
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	#N/A	44300	-
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	#N/A	45400	-

DCH-32(107)	34mm	3.0 - 3.8	33	#N/A	55000	-
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**INTERNATIONAL PRICES AND INDICES****China Cotton Index:**

Index	Unit	14-Jan-19	12-Jan-19	Change
CCIndex(328)	RMB/Ton	NR	Closed	-
CCIndex(527)	RMB/Ton	NR	Closed	-
CCIndex(229)	RMB/Ton	NR	Closed	-
RMB -Renminbi, 1RMB =0.16 \$U.S.				

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

Index	Unit	14-Jan-19	12-Jan-19	Change
FC Index (S)	Cents/lb	85.5	Closed	-
FC Index (M)	Cents/lb	81.8	Closed	-
FC Index (L)	Cents/lb	78.59	Closed	-

**Cotlook Index:**

Cotlook Indices	Unit	13-Jan-19	12-Jan-19	Change
A-Index	Cents/Pound	#N/A	NR	-

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		13-Jan-19	13-Jan-19	Bales
Southeast	cents/lb.	#N/A	#N/A	#N/A
North Delta	cents/lb.	#N/A	#N/A	#N/A
South Delta	cents/lb.	#N/A	#N/A	#N/A
East TX-OK	cents/lb.	#N/A	#N/A	#N/A
West Texas	cents/lb.	#N/A	#N/A	#N/A
Desert SW	cents/lb.	#N/A	#N/A	#N/A
SJ Valley	cents/lb.	#N/A	#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 Thu January 10, 2019**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Mar-19</a>	190110	73.2	73.82	72.44	72.85	-0.28	17,142	1,27,179	-1,005
<a href="#">May-19</a>	190110	74.45	75.18	73.9	74.36	-0.16	9,820	38,426	-1,263
<a href="#">Jul-19</a>	190110	75.6	76.24	75.13	75.67	0.01	6,740	22,435	1,926
<a href="#">Oct-19</a>	190110	74.73	74.73	74.6	74.6	0.06	0	8	0
<a href="#">Dec-19</a>	190110	74.08	74.65	73.71	74.11	-0.08	1,428	32,467	95
<a href="#">Mar-20</a>	190110	75.38	75.63	75.3	75.3	-0.07	186	2,058	107
Total Volume and Open Interest							35,317	2,24,007	-139

Pakistan Cotton Spot rates: As on 10 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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