

Domestic Fundamentals:**Market Outlook:**

MCX Jan cotton contract on Wednesday closed up+90(+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	17-Jan-19	16-Jan-19	
Gujarat	Ahmedabad	Shankar-6	5600	5550	50
	Gondal	Shankar-6	5220	5055	165
	Rajkot	B.T. Cotton	5600	5580	20
	Patan	B.T. Cotton	5575	5520	55
	Kadi	B.T. Cotton	5575	5600	-25
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5305	5285	20
Haryana	Bhiwani	B.T. Cotton	5625	5625	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5470	5470	Unch
	Fatehabad	B.T. Cotton	5450	5440	10
	Jind	B.T. Cotton	5680	5720	-40
	Uchana	B.T. Cotton	5390	5400	-10
	Dabwali	B.T. Cotton	5370	5345	25
Rajasthan	Hanumangarh	B.T. Cotton	5440	5425	15
	Rawatsar	B.T. Cotton	5410	5400	10
Madhya Pradesh	Khandwa	Mech-1	5481	5450	31
	Khargaon	Mech-1	5435	5485	-50
Maharashtra	Amravati	Mech-1	5350	5300	50
	Jamner	Medium Staple	NA	0	-

Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5250	NR	-
Karnataka	Bijapur	Bunny	5967	5472	495
	Hubli	D.C.H.	NR	5821	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5570	5550	20
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	17-Jan-19	16-Jan-19	
Punjab	Bhatinda	J-34	4440	4400	40
	Abohar	J-34	4440	4425	15
	Mansa	J-34	4400	4385	15
Haryana	Sirsa	J-34	4350	4340	10
Rajasthan	Sri-Ganganagar	J-34	4136	4108	28

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	17-Jan-19	16-Jan-19	
Gujarat	Ahmedabad	Shankar-6	42500	42500	Unch
	Gondal	Shankar-6	2295	1710	585
	Rajkot	B.T. Cotton	5000	5000	Unch
	Patan	B.T. Cotton	4646	2821	1825
	Kadi	B.T. Cotton	20000	20000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	361	371	-10
Haryana	Bhiwani	B.T. Cotton	1500	1000	500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	510	510	Unch
	Fatehabad	B.T. Cotton	500	600	-100
	Jind	B.T. Cotton	1207	1649	-442
	Uchana	B.T. Cotton	2500	2000	500
	Dabwali	B.T. Cotton	325	475	-150
Rajasthan	Hanumangarh	B.T. Cotton	2000	1000	1000
	Rawatsar	B.T. Cotton	2000	2000	Unch
Madhya Pradesh	Khandwa	Mech-1	3120	1245	1875
	Khargaon	Mech-1	6450	4500	1950
Maharashtra	Amravati	Mech-1	12000	13000	-1000
	Jamner	Medium Staple	NA	0	-

Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	7293	NR	-
Karnataka	Bijapur	Bunny	4143	84	4059
	Hubli	D.C.H.	NR	382	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	502	120	382
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	17-Jan-19	16-Jan-19	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	850	850	Unch
	Mansa	J-34	1020	510	510
Haryana	Sirsa	J-34	850	850	Unch
Rajasthan	Sri-Ganganagar	J-34	2500	3500	-1000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	17-Jan-19	16-Jan-19	
Gujarat	Rajkot	Rs. /10 Kg.	710	710	Unch
Delhi	New Delhi	Rs. /10 Kg.	700	705	-5
Telangana	Hyderabad	Rs. /10 Kg.	700	Closed	-
Maharashtra	Mumbai	Rs. /10 Kg.	735	740	-5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	17-Jan-19	16-Jan-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1938	1920	18
Maharashtra	Akola	Rs./Qtl	1941	1923	18

Cotton Prices at Key Spot Markets:Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				17-Jan-19	16-Jan-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	#N/A	#N/A	-
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	#N/A	#N/A	-

J-34(202)	26mm	3.5 - 4.9	23	#N/A	#N/A	-
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	#N/A	#N/A	-
Shankar-6(105)	29mm	3.5 – 4.9	28	#N/A	#N/A	-
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	#N/A	#N/A	-
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	#N/A	#N/A	-
DCH-32(107)	34mm	3.0 - 3.8	33	#N/A	#N/A	-

INTERNATIONAL PRICES AND INDICES**China Cotton Index:**

Index	Unit	17-Jan-19	16-Jan-19	Change
CCIndex(328)	RMB/Ton	#N/A	#N/A	-
CCIndex(527)	RMB/Ton	#N/A	#N/A	-
CCIndex(229)	RMB/Ton	#N/A	#N/A	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	17-Jan-19	16-Jan-19	Change
FC Index (S)	Cents/lb	#N/A	85.52	-
FC Index (M)	Cents/lb	#N/A	81.89	-
FC Index (L)	Cents/lb	#N/A	78.71	-

Cotlook Index:

Cotlook Indices	Unit	17-Jan-19	16-Jan-19	Change
A-Index	Cents/Pound	#N/A	#N/A	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		17-Jan-19	17-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

Refined Cottonseeds oil (10 KG)

Centre	Unit	Price		Change
		16-Jan-19	15-Jan-19	
Rajkot	Rs. /10 Kg.	710	715	-5
New Delhi	Rs. /10 Kg.	705	705	Unch
Hyderabad	Rs. /10 Kg.	Closed	Closed	-5
Mumbai	Rs. /10 Kg.	740	735	5

Cotton seed oil cake Rs/Qtl

Centre	Unit	Price		Change
		16-Jan-19	15-Jan-19	
Mahesana (Kadi)	Rs./Qtl	1920	1918	2
Akola	Rs./Qtl	1923	1925	-2

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 16-Jan-2019

Index	RMB/Ton	Change
CCIndex(328)	15386	+3
CCIndex(527)	14428	+1
CCIndex(229)	15859	+2
RMB -Renminbi, 1RMB =0.16 \$U.S.		

China Foreign Cotton (FCE) Index : As on 16-Jan-2019

Index	Cents/lb	Change
FC Index (S)	85.52	-0.45
FC Index (M)	81.89	-0.32
FC Index (L)	78.71	-0.38

Cotlook Index: As on 16-Jan-2019

Cotlook Indices	Cents/Pound	Change
A-Index	82.15	-0.25

USDA-15.1.2019

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	77.09	79.34	0



North Delta	76.34	78.09	0
South Delta	76.34	78.09	0
East TX-OK	72.59	75.09	305
West Texas	72.59	75.09	538
Desert SW	72.34	76.34	153
SJ Valley	72.84	81.74	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

Pakistan Cotton Spot rates: As on 16-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

Daily Futures Price Listing Mon Jan 16, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Dec-18	181112	78.09	78.11	76.34	76.38	-1.71	29,323	84,429	-10,157
Mar-19	181112	79.72	79.85	78.21	78.25	-1.61	21,913	1,05,656	4,398
May-19	181112	81.17	81.17	79.55	79.59	-1.66	6,330	26,706	905
Jul-19	181112	81.58	82.24	80.75	80.78	-1.67	2,204	14,034	131
Oct-19	181112	78.24	78.24	78.24	78.24	-1.2	0	4	0
Dec-19	181112	77.55	78.13	77.32	77.59	-0.7	833	28,313	137
Total Volume and Open Interest							60,615	2,61,014	-4,576

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