

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

**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	18-Jan-19	17-Jan-19	
Gujarat	Ahmedabad	Shankar-6	5600	5600	Unch
	Gondal	Shankar-6	5555	5220	335
	Rajkot	B.T. Cotton	5575	5600	-25
	Patan	B.T. Cotton	5610	5575	35
	Kadi	B.T. Cotton	5600	5575	25
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5325	5305	20
Haryana	Bhiwani	B.T. Cotton	5625	5625	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5500	5470	30
	Fatehabad	B.T. Cotton	5450	5450	Unch
	Jind	B.T. Cotton	5760	5680	80
	Uchana	B.T. Cotton	5449	5390	59
	Dabwali	B.T. Cotton	5385	5370	15
Rajasthan	Hanumangarh	B.T. Cotton	5440	5440	Unch
	Rawatsar	B.T. Cotton	5480	5410	70
Madhya Pradesh	Khandwa	Mech-1	5500	5481	19
	Khargaon	Mech-1	5465	5435	30
Maharashtra	Amravati	Mech-1	5350	5350	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5500	NA	-
	Hathras	Desi	5300	NA	-
Telangana	Adilabad	Un-Ginned	5300	5250	50
Karnataka	Bijapur	Bunny	NR	5967	-
	Hubli	D.C.H.	NR	5775	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	5570	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	18-Jan-19	17-Jan-19	
Punjab	Bhatinda	J-34	4450	4440	10
	Abohar	J-34	4455	4440	15
	Mansa	J-34	4415	4400	15
Haryana	Sirsa	J-34	4365	4350	15
Rajasthan	Sri-Ganganagar	J-34	4136	4136	Unch

Cotton Arrivals in Key Centers:

Commodity		Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	18-Jan-19	17-Jan-19		
Gujarat	Ahmedabad	Shankar-6	42500	42500	Unch	
	Gondal	Shankar-6	2143	2295	-152	
	Rajkot	B.T. Cotton	4800	5000	-200	
	Patan	B.T. Cotton	5133	4646	487	
	Kadi	B.T. Cotton	20000	20000	Unch	
	Deesa	B.T. Cotton	NA	NA	-	
	Dhrol	B.T. Cotton	433	361	72	
Haryana	Bhiwani	B.T. Cotton	2000	1500	500	
	Bhiwani	Desi	NA	NA	-	
	Adampur	B.T. Cotton	680	510	170	
	Fatehabad	B.T. Cotton	700	500	200	
	Jind	B.T. Cotton	1165	1207	-43	
	Uchana	B.T. Cotton	3930	2500	1430	
	Dabwali	B.T. Cotton	250	325	-75	
Rajasthan	Hanumangarh	B.T. Cotton	2300	2000	300	
	Rawatsar	B.T. Cotton	1000	2000	-1000	
Madhya Pradesh	Khandwa	Mech-1	2970	3120	-150	
	Khargaon	Mech-1	8230	6450	1780	
Maharashtra	Amravati	Mech-1	13000	12000	1000	
	Jamner	Medium Staple	NA	NA	-	
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-	
	Hathras	Desi	NA	NA	-	
Telangana	Adilabad	Un-Ginned	7082	7293	-211	
Karnataka	Bijapur	Bunny	NR	4143	-	
	Hubli	D.C.H.	NR	28	-	
	Hubli	B.T. Cotton	NR	NR	-	
	Raichur	H-44 Cotton	NR	502	-	
Commodity		Lint		Arrivals (Quintal)		Change
State	Centre	Variety	18-Jan-19	17-Jan-19		
Punjab	Bhatinda	J-34	6800	6800	Unch	
	Abohar	J-34	850	850	Unch	
	Mansa	J-34	1190	1020	170	
Haryana	Sirsa	J-34	1020	850	170	
Rajasthan	Sri-Ganganagar	J-34	2500	2500	Unch	

**Cotton Seed Oil Prices:**

Commodity	Cotton Seed Oil		Price		Change
	State	Centre	Unit	18-Jan-19	
Gujarat	Rajkot	Rs. /10 Kg.	717	710	7
Delhi	New Delhi	Rs. /10 Kg.	705	700	5
Telangana	Hyderabad	Rs. /10 Kg.	700	700	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	735	735	Unch

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
	State	Centre	Unit	18-Jan-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1972	1938	34
Maharashtra	Akola	Rs./Qtl	1967	1941	26

**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	18-Jan-19	17-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	18-Jan-19	17-Jan-19	Change
-------	------	-----------	-----------	--------

FC Index (S)	Cents/lb	#N/A	#N/A	-
FC Index (M)	Cents/lb	#N/A	#N/A	-
FC Index (L)	Cents/lb	#N/A	#N/A	-

**Cotlook Index:**

Cotlook Indices	Unit	17-Jan-19	16-Jan-19	Change	Yesterday date
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	Yesterday date
		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

**INTERNATIONAL PRICES AND INDICES**

China Cotton Index: As on 18-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 18-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

<b>Cotlook Index: As on 16-Jan-2019</b>		
<b>Cotlook Indices</b>	<b>Cents/Pound</b>	<b>Change</b>
<b>A-Index</b>	82.15	<b>-0.25</b>

USDA-18.1.2019			
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

<b>Pakistan Cotton Spot rates: As on 18-Jan-2019</b>				(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

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

### **Disclaimer**

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2019 Indian Agribusiness Systems Pvt. Ltd.