

Domestic Fundamentals:**Market Outlook:**

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.

Indian physical market gained nearly 500 Rs. Per candy during this week. In Gujarat ginneries have big disparity so ginning is running in slow pace. Some ginneries closed ginning operation for festival week. Kapas prices for BT cotton traded lower on week on week at Adoni market, last reported around INR 5556 per quintal. Cotton supplies reported slowly during the week, mainly due to festival holidays in key cotton growing regions. All India cotton daily arrivals are stated around 150 K bales. Demand from the export market remains slow, domestic buying is reported to be hand to mouth. Total arrivals reached approximately 13.70 million bales by now.

Domestic prices continue to remain at elevated levels due to hoarding by farmers on expectation of spike in prices in coming days as domestic consumption remains bullish and output seen lower. MCX, cotton prices have risen almost 3% , since mid-December and had hit a three week high of 21,280 rupees a bale.

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.

Weather Forecast for tomorrow:

During the next 24 hours, scattered light to moderate rain and snow will commence over jammu & kashmir and Himachal pradesh today afternoon onward. Intensity of these activities will increase gradually. Weather of rest country will remain dry. Day temperatures will fall by 2 °C to 4 °C over many parts of jammu & kashmir and himachal pradesh due to cloud cover and rain whereas in isolated pockets of northern plains due to persistence of fog. Pollution will remain under 'very poor to severe' category over delhi ncr.

International Fundamentals:

***The most active cotton contract on ICE Futures U.S.,** the March contract settled down 0.48 cent, or 0.65 percent, at 73.89 cents per lb. It traded within a range of 73.76 and 74.66 cents a lb. On 30th January Chinese delegation will go to US for further negotiation to resolve the trade dispute. Market is looking for some positive out come from this meeting.*

***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	20940	20990	20880	20920	1973	1334	5837	-2165
Feb-19	0	21230	21280	21160	21210	1675	1452	4783	1809

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

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

* Updated at as on 21-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	21-Jan-19	19-Jan-19	
Gujarat	Ahmedabad	Shankar-6	5625	5600	25
	Gondal	Shankar-6	5630	5590	40
	Rajkot	B.T. Cotton	5600	5575	25
	Patan	B.T. Cotton	5600	5635	-35
	Kadi	B.T. Cotton	5750	5800	-50
	Deesa	B.T. Cotton	4750	5125	-375
	Dhrol	B.T. Cotton	5350	5345	5
Haryana	Bhiwani	B.T. Cotton	5650	5700	-50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5460	5535	-75
	Fatehabad	B.T. Cotton	5460	5550	-90
	Jind	B.T. Cotton	5720	5700	20
	Uchana	B.T. Cotton	5458	5489	-31
	Dabwali	B.T. Cotton	5400	5450	-50
Rajasthan	Hanumangarh	B.T. Cotton	5470	5525	-55
	Rawatsar	B.T. Cotton	5460	5410	50
Madhya Pradesh	Khandwa	Mech-1	5500	5550	-50
	Khargaon	Mech-1	5505	5510	-5
Maharashtra	Amravati	Mech-1	5425	Closed	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5250	5800	-550

	Hathras	Desi	4800	4800	Unch
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NR	NR	-
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5610	NR	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	21-Jan-19	19-Jan-19	
Punjab	Bhatinda	J-34	4420	4425	-5
	Abohar	J-34	4460	4455	5
	Mansa	J-34	4400	4415	-15
Haryana	Sirsa	J-34	#N/A	#N/A	-
Rajasthan	Sri-Ganganagar	J-34	4136	4136	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	21-Jan-19	19-Jan-19	
Gujarat	Ahmedabad	Shankar-6	42500	42500	Unch
	Gondal	Shankar-6	2277	2282	-5
	Rajkot	B.T. Cotton	5200	4600	600
	Patan	B.T. Cotton	3869	5485	-1616
	Kadi	B.T. Cotton	20000	20000	Unch
	Deesa	B.T. Cotton	5	NA	-
	Dhrol	B.T. Cotton	192	333	-141
Haryana	Bhiwani	B.T. Cotton	1000	1000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	510	510	Unch
	Fatehabad	B.T. Cotton	450	450	Unch
	Jind	B.T. Cotton	850	850	Unch
	Uchana	B.T. Cotton	4400	4400	Unch
	Dabwali	B.T. Cotton	625	625	Unch
Rajasthan	Hanumangarh	B.T. Cotton	2000	2200	-200
	Rawatsar	B.T. Cotton	1000	1000	Unch
Madhya Pradesh	Khandwa	Mech-1	3200	3285	-85
	Khargaon	Mech-1	3770	8350	-4580
Maharashtra	Amravati	Mech-1	15000	13000	2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	1	5	-4
	Hathras	Desi	NA	4	-

Telangana	Adilabad	Un-Ginned	NR	11581	-
Karnataka	Bijapur	Bunny	NR	2262	-
	Hubli	D.C.H.	NR	476	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	705	562	143
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	21-Jan-19	19-Jan-19	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	850	1190	-340
	Mansa	J-34	1020	1700	-680
Haryana	Sirsa	J-34	1020	1700	-680
Rajasthan	Sri-Ganganagar	J-34	2500	2500	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	21-Jan-19	19-Jan-19	
Gujarat	Rajkot	Rs. /10 Kg.	730	720	10
Delhi	New Delhi	Rs. /10 Kg.	718	713	5
Telangana	Hyderabad	Rs. /10 Kg.	725	720	5
Maharashtra	Mumbai	Rs. /10 Kg.	745	740	5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	21-Jan-19	19-Jan-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1980	1968	12
Maharashtra	Akola	Rs./Qtl	1983	1971	12

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				18-Jan-19	18-Jan-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40400	40400	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40900	40900	Unch
J-34(202)	26mm	3.5 - 4.9	23	41600	41600	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41600	41600	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	42700	42700	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44500	44500	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45600	45600	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	55200	55200	Unch

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	21-Jan-19	19-Jan-19	Change
CCIndex(328)	RMB/Ton	15452	Closed	-
CCIndex(527)	RMB/Ton	14482	Closed	-
CCIndex(229)	RMB/Ton	15905	Closed	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	21-Jan-19	19-Jan-19	Change
FC Index (S)	Cents/lb	87	Closed	-
FC Index (M)	Cents/lb	83.24	Closed	-
FC Index (L)	Cents/lb	80.21	Closed	-

Cotlook Index:

Cotlook Indices	Unit	19-Jan-19	18-Jan-19	Change
A-Index	Cents/Pound	#N/A	83.8	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		19-Jan-19	18-Jan-19	Bales
Southeast	cents/lb.	#N/A	73.89	0
North Delta	cents/lb.	#N/A	72.89	0
South Delta	cents/lb.	#N/A	72.89	0
East TX-OK	cents/lb.	#N/A	71.14	5553
West Texas	cents/lb.	#N/A	71.39	9985
Desert SW	cents/lb.	#N/A	72.14	60
SJ Valley	cents/lb.	#N/A	77.29	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 19-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 Fri January 18, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-19	190118	74.37	74.66	73.76	73.89	-0.48	14,341	1,21,506	-2,036
May-19	190118	75.6	75.95	75.21	75.32	-0.34	6,039	42,339	652
Jul-19	190118	76.7	77.07	76.41	76.59	-0.2	1,729	27,436	-37
Oct-19	190118	75.13	75.13	75.13	75.13	-0.35	0	10	0
Dec-19	190118	74.94	75.15	74.53	74.77	-0.23	1,829	35,061	711
Mar-20	190118	75.95	75.95	75.44	75.69	-0.27	228	2,466	-15
Total Volume and Open Interest							24,166	2,30,339	-725

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.