

Domestic Fundamentals:**Market Outlook:**

FEB MCX cotton on Monday closed up +20 (+0.09%). Cotton Prices have seen in range – bound from last few weeks due to volatility in exchange rate and lower international prices. However 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 ginners have big disparity so ginning is running in slow pace. Some ginners 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	-0.24	21000	21000	20870	20900	1336	-637	5166	-671
Feb-19	-0.09	21240	21270	21150	21210	1049	-626	5253	470

Spread	Dec-18		-	-	--	--
Spot	-270		-	-	-	-
Feb-19			-	-	-	-

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

* Updated at as on 22-Jan- 2019 @5.00pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	22-Jan-19	21-Jan-19	
Gujarat	Ahmedabad	Shankar-6	5550	5600	-50
	Gondal	Shankar-6	5550	5590	-40
	Rajkot	B.T. Cotton	5585	5575	10
	Patan	B.T. Cotton	5620	5635	-15
	Kadi	B.T. Cotton	5750	5800	-50
	Deesa	B.T. Cotton	NA	5125	-
	Dhrol	B.T. Cotton	5380	5345	35
Haryana	Bhiwani	B.T. Cotton	5650	5700	-50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5470	5535	-65
	Fatehabad	B.T. Cotton	5480	5550	-70
	Jind	B.T. Cotton	NA	5700	-
	Uchana	B.T. Cotton	5460	5489	-29
	Dabwali	B.T. Cotton	5375	5450	-75
Rajasthan	Hanumangarh	B.T. Cotton	5480	5525	-45
	Rawatsar	B.T. Cotton	5420	5410	10
Madhya Pradesh	Khandwa	Mech-1	5553	5550	3
	Khargaon	Mech-1	5504	5510	-6
Maharashtra	Amravati	Mech-1	5450	Closed	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5250	5800	-550
	Hathras	Desi	4800	4800	Unch
Telangana	Adilabad	Un-Ginned	5330	NR	-

Karnataka	Bijapur	Bunny	NR	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	22-Jan-19	21-Jan-19	
Punjab	Bhatinda	J-34	4460	4420	40
	Abohar	J-34	4465	4460	5
	Mansa	J-34	4425	4400	25
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	22-Jan-19	21-Jan-19	
Gujarat	Ahmedabad	Shankar-6	59500	42500	17000
	Gondal	Shankar-6	1882	2277	-395
	Rajkot	B.T. Cotton	4050	5200	-1150
	Patan	B.T. Cotton	6050	3869	2181
	Kadi	B.T. Cotton	40000	20000	20000
	Deesa	B.T. Cotton	NA	5	-
	Dhrol	B.T. Cotton	426	192	234
Haryana	Bhiwani	B.T. Cotton	1000	1000	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	595	510	85
	Fatehabad	B.T. Cotton	300	450	-150
	Jind	B.T. Cotton	NA	850	-
	Uchana	B.T. Cotton	3960	4400	-440
	Dabwali	B.T. Cotton	30	625	-595
Rajasthan	Hanumangarh	B.T. Cotton	1500	2000	-500
	Rawatsar	B.T. Cotton	1000	1000	Unch
Madhya Pradesh	Khandwa	Mech-1	4416	3200	1216
	Khargaon	Mech-1	10710	3770	6940
Maharashtra	Amravati	Mech-1	14000	15000	-1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	1	1	Unch
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	7126	NR	-
Karnataka	Bijapur	Bunny	NR	3307	-

	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	NR	705	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	22-Jan-19	21-Jan-19	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	340	850	-510
	Mansa	J-34	170	1020	-850
Haryana	Sirsa	J-34	170	1020	-850
Rajasthan	Sri-Ganganagar	J-34	2500	2500	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	22-Jan-19	21-Jan-19	
Gujarat	Rajkot	Rs. /10 Kg.	735	730	5
Delhi	New Delhi	Rs. /10 Kg.	718	718	Unch
Telangana	Hyderabad	Rs. /10 Kg.	735	725	10
Maharashtra	Mumbai	Rs. /10 Kg.	745	745	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	22-Jan-19	21-Jan-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2000	1980	20
Maharashtra	Akola	Rs./Qtl	2000	1983	17

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				21-Jan-19	19-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	41700	41600	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41400	41600	-200
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	22-Jan-19	21-Jan-19	Change
CCIndex(328)	RMB/Ton	15473	15452	21
CCIndex(527)	RMB/Ton	14508	14482	26
CCIndex(229)	RMB/Ton	15930	15905	25
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	22-Jan-19	21-Jan-19	Change
FC Index (S)	Cents/lb	87	87	Unch
FC Index (M)	Cents/lb	83.24	83.24	Unch
FC Index (L)	Cents/lb	80.21	80.21	Unch

Cotlook Index:

Cotlook Indices	Unit	21-Jan-19	19-Jan-19	Change
A-Index	Cents/Pound	83.3	#N/A	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		18-Jan-19	17-Jan-19	Bales
Southeast	cents/lb.	71.64	74.37	0
North Delta	cents/lb.	71.14	73.37	0
South Delta	cents/lb.	71.14	73.37	0
East TX-OK	cents/lb.	68.64	71.62	4560
West Texas	cents/lb.	68.64	71.87	10041
Desert SW	cents/lb.	67.89	72.62	348
SJ Valley	cents/lb.	68.39	77.77	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 21-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 January 21, 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

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