

Domestic Fundamentals:**Market Outlook:**

FEB MCX cotton on Tuesday closed down -160 (-0.75%). 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:

ICE cotton futures fell 1 percent on Tuesday, after touching their lowest in nearly a week, hurt by reports of faltering U.S.-China trade talks and weakness in grain and oil markets.

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	-0.38	20760	20820	20690	20700	2081	745	3896	-1270
Feb-19	-0.28	21090	21120	20990	21010	2044	995	6392	1139

Spread	Dec-18		-	-	--	--
Spot	-300		-	-	-	-
Feb-19			-	-	-	-

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

* Updated at as on 23-Jan- 2019 @5.00pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	23-Jan-19	22-Jan-19	
Gujarat	Ahmedabad	Shankar-6	5550	5600	-50
	Gondal	Shankar-6	5555	5590	-35
	Rajkot	B.T. Cotton	NR	5575	-
	Patan	B.T. Cotton	5580	5635	-55
	Kadi	B.T. Cotton	5700	5800	-100
	Deesa	B.T. Cotton	NA	5125	-
	Dhrol	B.T. Cotton	5300	5345	-45
Haryana	Bhiwani	B.T. Cotton	5650	5700	-50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5460	5535	-75
	Fatehabad	B.T. Cotton	5450	5550	-100
	Jind	B.T. Cotton	5690	5700	-10
	Uchana	B.T. Cotton	5458	5489	-31
	Dabwali	B.T. Cotton	5370	5450	-80
Rajasthan	Hanumangarh	B.T. Cotton	5425	5525	-100
	Rawatsar	B.T. Cotton	5400	5410	-10
Madhya Pradesh	Khandwa	Mech-1	5565	5550	15
	Khargaon	Mech-1	5504	5510	-6
Maharashtra	Amravati	Mech-1	5475	Closed	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5250	5800	-550
	Hathras	Desi	4800	4800	Unch

Telangana	Adilabad	Un-Ginned	5320	NR	-
Karnataka	Bijapur	Bunny	5890	NR	-
	Hubli	D.C.H.	5821	NR	-
	Hubli	B.T. Cotton	6325	NR	-
	Raichur	H-44 Cotton	5620	NR	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	23-Jan-19	22-Jan-19	
Punjab	Bhatinda	J-34	4410	4460	-50
	Abohar	J-34	4455	4465	-10
	Mansa	J-34	4410	4425	-15
Haryana	Sirsa	J-34	#N/A	#N/A	-
Rajasthan	Sri-Ganganagar	J-34	4113	4136	-24

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	23-Jan-19	22-Jan-19	
Gujarat	Ahmedabad	Shankar-6	42500	59500	-17000
	Gondal	Shankar-6	8194	1882	6312
	Rajkot	B.T. Cotton	NR	4050	-
	Patan	B.T. Cotton	6492	6050	442
	Kadi	B.T. Cotton	50000	40000	10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	356	426	-70
Haryana	Bhiwani	B.T. Cotton	1500	1000	500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	510	595	-85
	Fatehabad	B.T. Cotton	400	300	100
	Jind	B.T. Cotton	451	NA	-
	Uchana	B.T. Cotton	4400	3960	440
	Dabwali	B.T. Cotton	300	30	270
Rajasthan	Hanumangarh	B.T. Cotton	1000	1500	-500
	Rawatsar	B.T. Cotton	1000	1000	Unch
Madhya Pradesh	Khandwa	Mech-1	2730	4416	-1686
	Khargaon	Mech-1	6650	10710	-4060
Maharashtra	Amravati	Mech-1	12000	14000	-2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	1	1	Unch
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	11864	7126	4738

Karnataka	Bijapur	Bunny	5304	NR	-
	Hubli	D.C.H.	80	NR	-
	Hubli	B.T. Cotton	74	NR	-
	Raichur	H-44 Cotton	1155	NR	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	23-Jan-19	22-Jan-19	
Punjab	Bhatinda	J-34	5100	6800	-1700
	Abohar	J-34	680	340	340
	Mansa	J-34	595	170	425
Haryana	Sirsa	J-34	340	170	170
Rajasthan	Sri-Ganganagar	J-34	2500	2500	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	23-Jan-19	22-Jan-19	
Gujarat	Rajkot	Rs. /10 Kg.	730	735	-5
Delhi	New Delhi	Rs. /10 Kg.	720	718	2
Telangana	Hyderabad	Rs. /10 Kg.	735	735	Unch
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	23-Jan-19	22-Jan-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1993	2000	-7
Maharashtra	Akola	Rs./Qtl	1985	2000	-15

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				22-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	41700	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41200	41400	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	42600	42700	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44400	44500	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45500	45600	-100
DCH-32(107)	34mm	3.0 - 3.8	33	55200	55200	Unch

Daily Futures Price Listing Tue January 22, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-19	190122	74	74.29	72.75	73.13	-0.76	13,742	1,22,969	1,463
May-19	190122	75.48	75.7	74.2	74.53	-0.79	6,286	42,416	77
Jul-19	190122	76.85	76.97	75.5	75.83	-0.76	2,633	27,413	-23
Oct-19	190122	74.45	74.45	74.45	74.45	-0.68	0	10	0
Dec-19	190122	75	75.2	73.91	74.19	-0.58	1,835	35,296	235
Mar-20	190122	75.91	76.11	74.97	75.13	-0.56	38	2,466	0
Total Volume and Open Interest							24,534	2,32,091	1,752

Pakistan Cotton Spot rates: As on 22-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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