

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

**FEB MCX cotton on Friday closed down -20 (-0.10%).** Cotton Prices have seen in range – bound from last few weeks The hike in MSP and the great disturbances in the global currency, the trade war between the US and China has led to disparity in domestic and global prices, and has put the Indian cotton industry at a significant disadvantage. Since December, cotton prices in the domestic market are trading much higher than in the global market. This has Indian cotton mills worried over the high cost of raw material in a high volume-low profit business. 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.

**News:**

**Cotton arrivals in the domestic markets have picked up but still below the expectation. All India cotton supplies reported about 1,70,000 bales on per day basis against 1,50,000 bales week earlier.** Ginning and Spinning mills buying remained slow, mainly due to sluggish off take in yarn market and financial constraint. Prices of Shankar-6(29mm) cotton remained in the range of cotton INR 42'600-42'800 per candy during the week, while the most active cotton contract on ICE Futures U.S. - the March contract – settled down 0.38 cent, or 0.52 percent, at 73.14 cents per lb. It traded within a range of 73.03 and 73.91 cents a lb.

**Cotton from India has been consistently trading higher by 2-3 cents per pound than the benchmark price in the US.** The spread between the two prices is due to the sharp increase in minimum support price that has cushioned the downside here even as global prices have fallen. Currently, Indian cotton is quoted around 83 cents while US cotton is around 80 cents.

**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.

### Weather Forecast for tomorrow:

Cold wave conditions in some parts with severe cold wave at isolated pockets very likely over Madhya Pradesh; at isolated pockets over Punjab, Haryana, Chandigarh & Delhi, Rajasthan and West Uttar Pradesh.

### International Fundamentals:

**Cotton futures saw 86 to 99 point gains in most contracts on Friday.** The US dollar index was supportive, down a sharp 790 points on the day. The Cotlook A Index was up 45 points on January 24 to 83 cents/lb.

**The Pakistan is likely to import 3.5-4 million bales - costing up to \$1.2 billion -as the crop size for season 2018-19 is estimated at 10.8m bales, against the annual demand of around 15m bales.** According to figures issued by Pakistan Cotton Ginners Association, Pakistan's cotton production up to Jan 15 fell by 7.74 per cent or 877,800 bales to 10.456m bales. India's cotton exports to Pakistan are unlikely to see a sharp jump, despite the neighbouring country scraping import duty, as high domestic prices have made exports uncompetitive. Indian cotton is currently available around 43,000 rupees a candy (1 candy = 356 kg), while prices in Pakistan are at sub 43,500 rupees making it (exports) unviable so far.

**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.

### MCX Cotton Futures\*: (Prices in Rs/170 kgs)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-19	-0.19	20600	20680	20520	20560	764	-474	1902	-459
Feb-19	-0.19	20850	20990	20840	-10	1208	-335	8503	583

  

Spread	Dec-18		-	-	--	--
Spot	-310			-	-	-
Feb-19				-	-	-

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

\* Updated at as on 28-Jan- 2019 @5.00pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	28-Jan-19	25-Jan-19	
Gujarat	Ahmedabad	Shankar-6	5600	5600	Unch
	Gondal	Shankar-6	5600	5590	10
	Rajkot	B.T. Cotton	NR	5575	-
	Patan	B.T. Cotton	5520	5635	-115
	Kadi	B.T. Cotton	5700	5800	-100
	Deesa	B.T. Cotton	5155	5125	30
	Dhrol	B.T. Cotton	NR	5345	-
Haryana	Bhiwani	B.T. Cotton	5650	5700	-50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5500	5535	-35
	Fatehabad	B.T. Cotton	5500	5550	-50
	Jind	B.T. Cotton	Closed	5700	-
	Uchana	B.T. Cotton	5467	5489	-22
	Dabwali	B.T. Cotton	5385	5450	-65
Rajasthan	Hanumangarh	B.T. Cotton	5500	5525	-25
	Rawatsar	B.T. Cotton	5500	5410	90
Madhya Pradesh	Khandwa	Mech-1	5565	5550	15
	Khargaon	Mech-1	5504	5510	-6
Maharashtra	Amravati	Mech-1	5425	Closed	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5300	5800	-500
	Hathras	Desi	4800	4800	Unch
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	5899	NR	-
	Hubli	D.C.H.	5801	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5600	NR	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	28-Jan-19	25-Jan-19	
Punjab	Bhatinda	J-34	4440	4400	40
	Abohar	J-34	4465	4445	20
	Mansa	J-34	4425	4410	15
Haryana	Sirsa	J-34	#N/A	#N/A	-
Rajasthan	Sri-Ganganagar	J-34	4089	4108	-19

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	28-Jan-19	25-Jan-19	
Gujarat	Ahmedabad	Shankar-6	42500	51000	-8500
	Gondal	Shankar-6	1897	1526	371
	Rajkot	B.T. Cotton	NR	4400	-
	Patan	B.T. Cotton	4475	4790	-315
	Kadi	B.T. Cotton	35000	50000	-15000
	Deesa	B.T. Cotton	10	NA	-
	Dhrol	B.T. Cotton	NR	278	-
Haryana	Bhiwani	B.T. Cotton	1800	2000	-200
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	510	510	Unch
	Fatehabad	B.T. Cotton	500	600	-100
	Jind	B.T. Cotton	Closed	1051	-
	Uchana	B.T. Cotton	3705	3700	5
	Dabwali	B.T. Cotton	475	550	-75
Rajasthan	Hanumangarh	B.T. Cotton	2200	2000	200
	Rawatsar	B.T. Cotton	700	1000	-300
Madhya Pradesh	Khandwa	Mech-1	3405	3450	-45
	Khargaon	Mech-1	6090	6920	-830
Maharashtra	Amravati	Mech-1	15000	13000	2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	13184	-
Karnataka	Bijapur	Bunny	4077	3575	502
	Hubli	D.C.H.	270	72	198
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	1117	675	442
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	28-Jan-19	25-Jan-19	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	850	850	Unch
	Mansa	J-34	1190	1190	Unch
Haryana	Sirsa	J-34	1360	1190	170
Rajasthan	Sri-Ganganagar	J-34	2500	2000	500

**Cotton Seed Oil Prices:**

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	28-Jan-19	25-Jan-19	
Gujarat	Rajkot	Rs. /10 Kg.	750	730	20
Delhi	New Delhi	Rs. /10 Kg.	735	724	11
Telangana	Hyderabad	Rs. /10 Kg.	745	735	10
Maharashtra	Mumbai	Rs. /10 Kg.	760	750	10

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	28-Jan-19	25-Jan-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1988	1969	19
Maharashtra	Akola	Rs./Qtl	1989	1978	11

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				25-Jan-19	24-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	41500	41400	100
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	41100	41200	-100
Shankar-6(105)	29mm	3.5 – 4.9	28	42600	42700	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	44200	44200	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45500	45500	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	55200	55200	Unch

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

Index	Unit	28-Jan-19	25-Jan-19	Change
CCIndex(328)	RMB/Ton	15498	15498	Unch
CCIndex(527)	RMB/Ton	14546	14546	Unch
CCIndex(229)	RMB/Ton	15966	15964	2

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

**China Foreign Cotton (FCE) Index :**

Index	Unit	28-Jan-19	25-Jan-19	Change
FC Index (S)	Cents/lb	87.53	86.53	1.00
FC Index (M)	Cents/lb	83.6	82.6	1.00
FC Index (L)	Cents/lb	80.7	79.7	1.00

**Cotlook Index:**

Cotlook Indices	Unit	25-Jan-19	24-Jan-19	Change
A-Index	Cents/Pound	82.6	83.3	-0.70

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		25-Jan-19	24-Jan-19	Bales
Southeast	cents/lb.	71.88	73.14	316
North Delta	cents/lb.	71.38	72.14	0
South Delta	cents/lb.	71.38	72.14	0
East TX-OK	cents/lb.	68.88	70.39	2040
West Texas	cents/lb.	68.88	70.64	6935
Desert SW	cents/lb.	68.13	71.39	932
SJ Valley	cents/lb.	68.63	76.54	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

**Daily Futures Price Listing Fri January 25, 2019**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Mar-19</a>	190125	73.25	74.24	73.25	74.13	0.99	12,432	1,19,756	279
<a href="#">May-19</a>	190125	74.78	75.66	74.77	75.57	0.98	5,559	43,798	239
<a href="#">Jul-19</a>	190125	76	76.95	76	76.87	0.96	1,936	28,418	340
<a href="#">Oct-19</a>	190125	75.31	75.31	75.31	75.31	0.86	1	9	-1
<a href="#">Dec-19</a>	190125	74.3	74.68	74.13	74.43	0.39	502	35,615	-19
<a href="#">Mar-20</a>	190125	75.32	75.55	75.31	75.33	0.37	65	2,470	1
Total Volume and Open Interest							20,502	2,31,651	843



Pakistan Cotton Spot rates: As on 26-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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