

Domestic market summary

Domestic market Scenario: Most Cotton spot market prices expected to trade sideways to lower on steady demand but expectation of higher arrivals may keep prices under pressure in coming weeks. Moreover, export demand from China, Bangladesh, Vietnam and opening up of Pakistan market to keep prices high this season. Average price of Lint at Sirsa during the week was Rs. 4446 per maund (of 37.32 Kg each), slightly higher compared to the previous week price of Rs 4401. Cotton fiber (Shankar-6) prices noticed firm this week Average price was Rs 44540 per candy (of 355.6 kg each) during the week, which was Rs 44120 per candy previous week.

Weekly Price Outlook : In the coming week we expect Kapas price to remain to Range bound with the price band of Rs 5300-6200 per quintal in the Rajkot market. Lint price at Sirsa is likely to be in range of Rs 4200-5000 per maund.

Major Market Highlights:

- Cotton prices traded on Range bound in the domestic market during last week, due to dull trading activities. Supplies were also noted down on account of continuing declining prices.
- India is expecting good demand from China, Vietnam, Bangladesh and Pakistan significantly after G20 meeting.
- Very stable range was seen in NY March Future between 79.41 to 80.02 during the week
- All India Daily Arrivals remained between 1, 60,000 to 1, 75,000 bales.
- Indian Rupee weakened against USD during this week from 71.33 to 72.01
- Overall this week was stable in small price range.
- Arrivals of cotton this year during Oct-Nov stood at 65.79 lakh bales, about 31% lower than the 95.09 lakh bales in the corresponding period last year. However this huge drop does not seems to have triggered a demand. Despite lower arrivals, prices have dropped due to slack demand from textile mills and multinational traders. Arrivals are likely to increase pace from this week, since the assembly elections got over in the sates of Telnagana and Rajasthan.
- The cotton prices in Gujarat are at Rs 44300-44700 per candy of 355 kg during last week as compared to Rs 38000-38700 per candy in the corresponding period last year. However the MCX 29mm contract for December month is trading in the range of 21'500 to 22'300. Prices are likely to consolidate in the short term and the overall trend remains bearish.

Domestic Cotton Balance sheet

In Lakh Bales	2014-15	2015-16	2016-17	2017-18	2018-19*
Supply					
Opening stock	33	66.23	36.67	48.04	24.04
Cotton production	386	332	345	365	349.46
Imports	14.39	22.79	30.94	15	21
Total supply	433.39	421.02	412.61	428.04	394.50
Demand					
Mill consumption	278.06	270.2	262.66	288	267
Consumption by SSI	26.38	27.08	26.2	27	27.5

Non Mill consumption	5	18	17.5	19	19.5
Exports	57.72	69.07	58.21	70	60
Total Demand	367.16	384.35	364.57	404	374
Ending Stock	66.23	36.67	48.04	24.04	20.50
Stock to use Ratio	0.153	0.087	0.116	0.056	0.052

All figures in Lakh Bales (of 170 Kgs. Each) Source: CAI& Agriwatch *: estimated

As per the latest estimates by Agriwatch, cotton output in country during the season 2018-19 would be around 349.46 lakh bales (of 170 kg each) which is lower compared to production of last season.

Following lower production, imports will rise marginally to 21 lakh bales compared to 15 lakh bales in previous season.

Due to lower opening stock imports, and lower production of cotton availability would be standing lower this season at 394.50 lakh bales compared to 428.04 lakh bales during the previous season.

Total domestic consumption (Including mill, small mill and non-mill consumption) would be around 314 lakh bales compared to 344 lakh bales during the previous season.

Cotton exports are expected to remain lower as that of previous year. It is expected that country would export around 60 lakh bales of cotton in the season 2017-18.

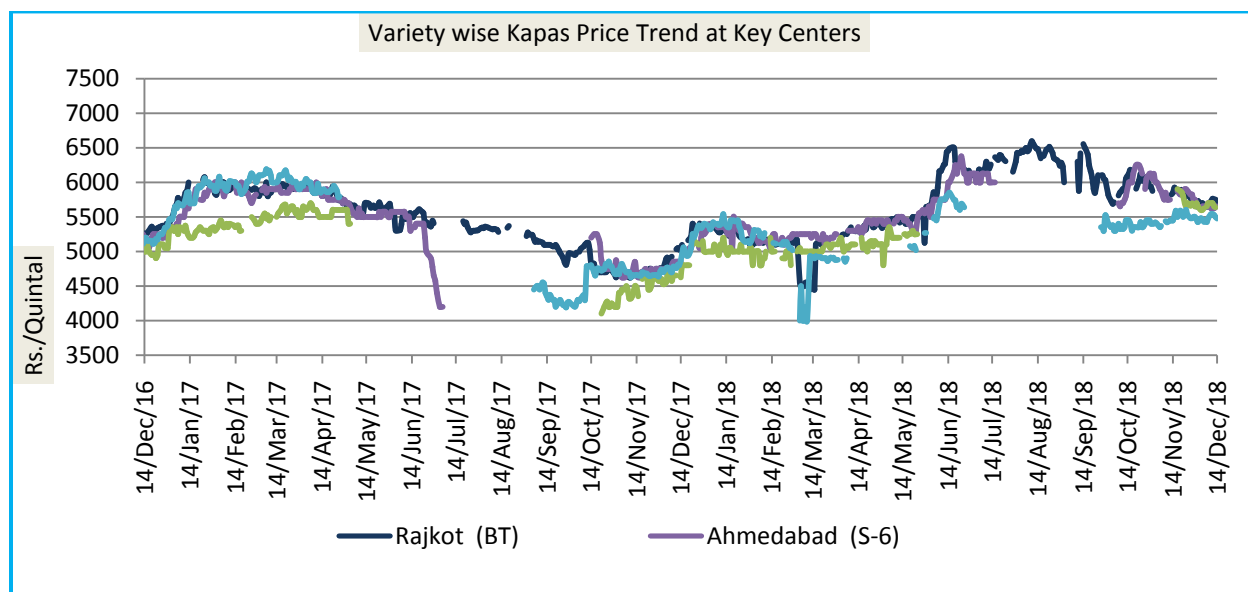
Ending stocks are expected to be around 20.50 lakh bales, it is lower compared to the ending stocks of previous season.

Domestic Cotton Prices Scenario

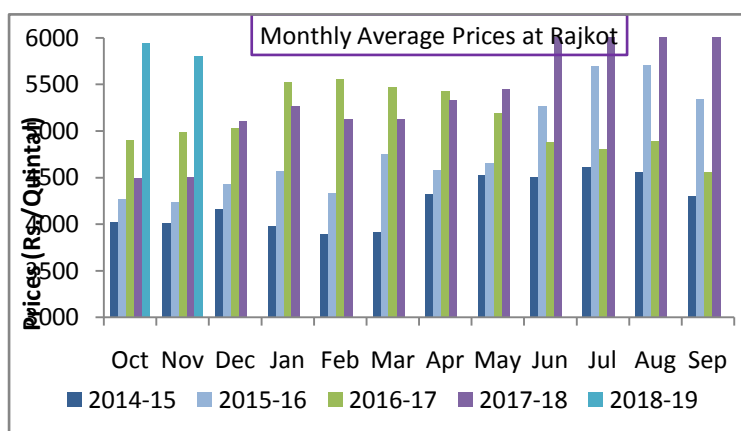
Kapas (Raw Cotton) Weekly Price Scenario

Weekly Price Review: Weekly kapas average price at Rajkot rose is Rs 5714/quintal this week.

Weekly Price Outlook: Kapas prices are expected to remain range-bound in coming days. The expected range for Kapas at Rajkot is Rs 5400-6500 per quintal for the coming week.



Kapas Monthly M-o-M Price Scenario



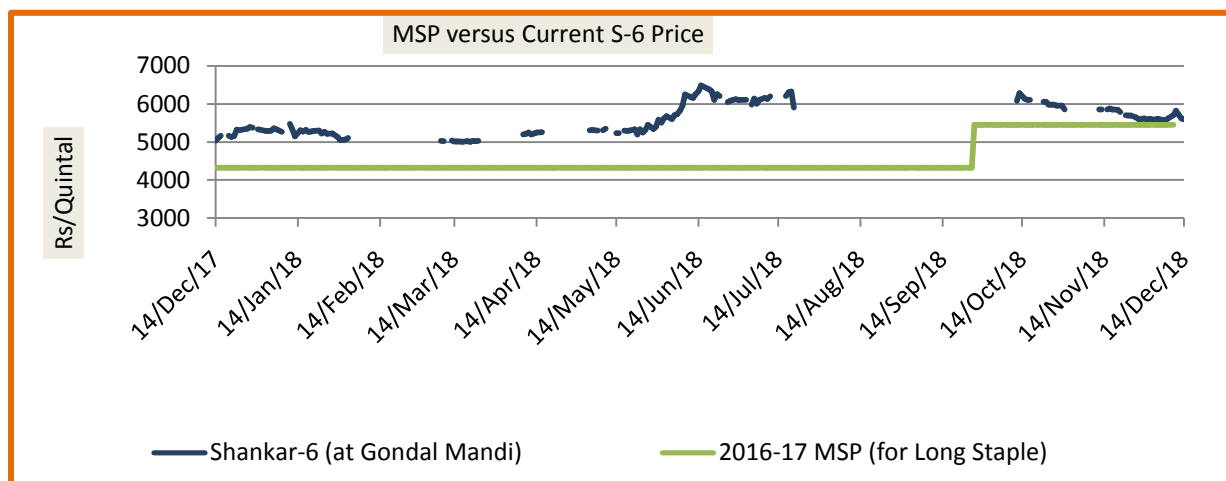
Kapas(seed cotton) prices in country noticed weak tone during the Nov month when compared to the previous month, and the same is ruling higher compared to the prices during the corresponding month of the previous season.

Monthly average price of Kapas at Rajkot remained Rs. 5802 per quintal during Nov, which was Rs. 5940 during previous month and Rs.4504 per quintal during the corresponding month last year. We expect Kapas prices to remain to firm in the coming month. The expected

price range for Sep month is likely to be Rs 5500-6300 per quintal.

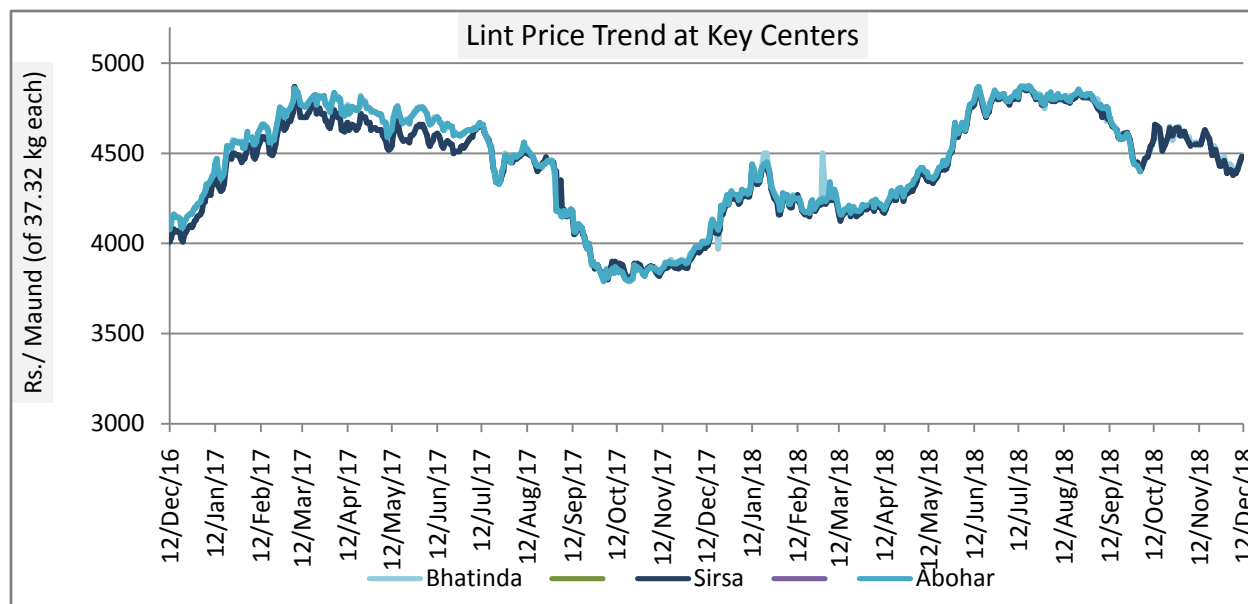
Spot Price versus MSP

The Kapas prices are ruling above the MSP so far. The gap between the two prices has increased this week of dec. The average gap between the prices was Rs 224 compared to Rs 149 a week earlier.



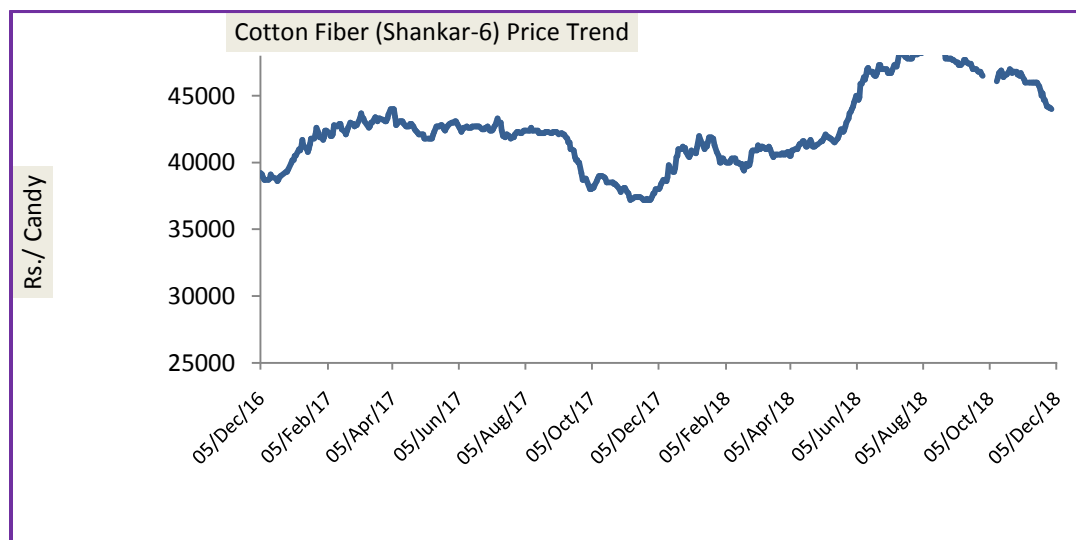
Lint price Outlook

Lint prices remained slightly firm during the week owing to tight tone prevailing in market. Weekly average price of Lint at Sirsa remained Rs 4446 per maund of 37.32 kg each, lower compared to the previous week price of Rs 4401. per maund.



Cotton Fiber price Outlook

Cotton fiber noticed down trend in this week compared to the previous week. Average price was Rs 44120 per candy (of 355.6 kg each) during the week, which was Rs44260 per candy previous week. and around Rs 37816 per candy during the corresponding week previous season. We expect cotton fiber to remain in range of Rs 42000 -47000 per candy in the coming week candy.

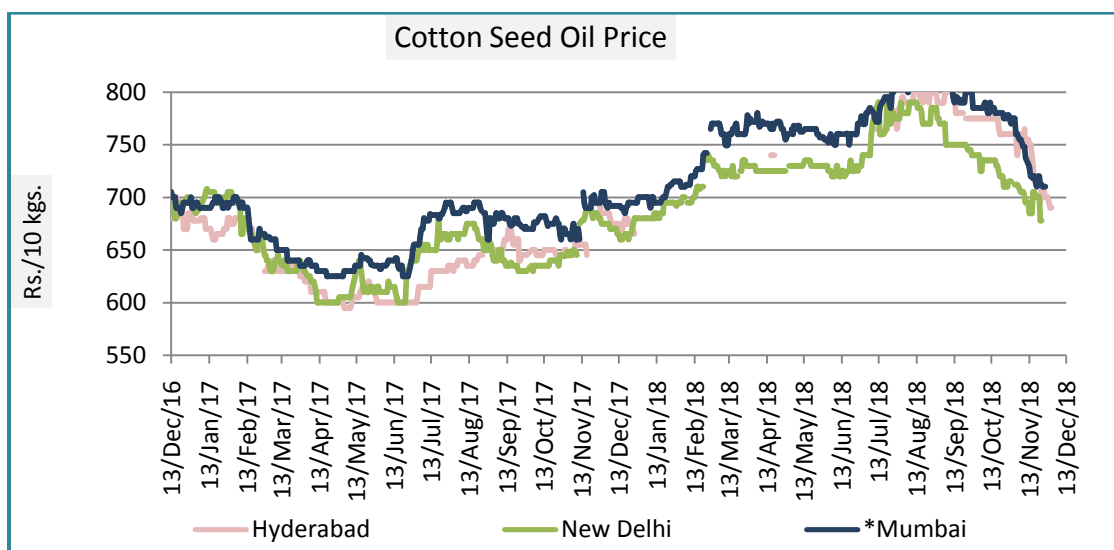


Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil weekly Price Scenario

Cotton seed oil price noticed firm tone during the week. Weekly average price in New Delhi is Rs 681 per 10 Kg, to the weekly average price of Rs 676 per 10 Kg in previous week.

	Weekly Average Price as on (Rs/10 kg.)		% Change
	13-Dec-18	06-Dec-18	
New Delhi	681	676	0.74
Rajkot	703	681	3.23
Hyderabad	697	690	1.01
Mumbai*	710	707	0.42

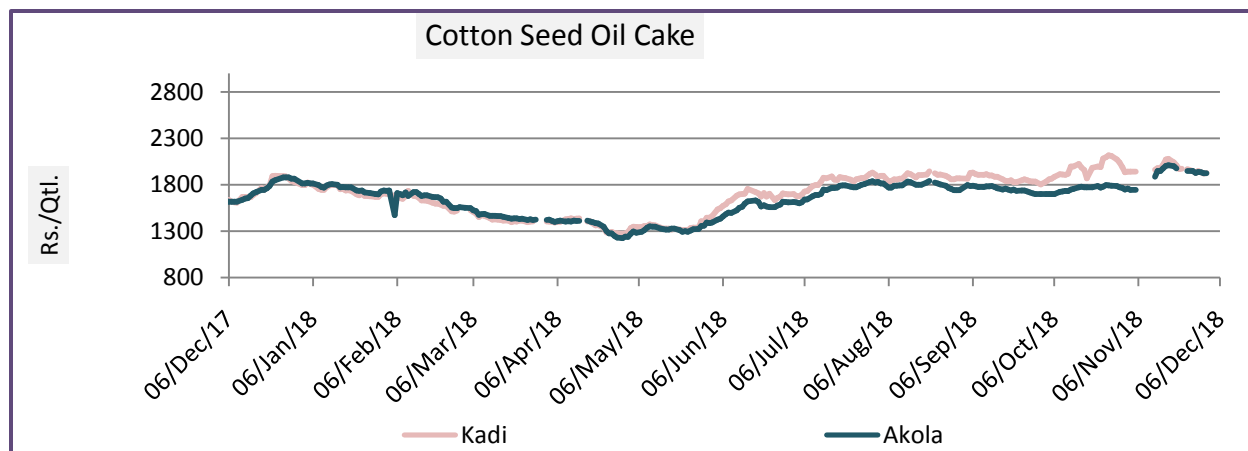


Cotton Seed Oil Cake weekly Price Scenario

Cotton seed oil cake price noticed slightly firm tone during this week. Weekly average price in Akola remained Rs 1908 per quintal, lower compared to the weekly average price of Rs 1904 per quintal in the previous week.

Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	13-Dec-18	06-Dec-18	
Kadi	1908	1904	0.21
Akola	1917	1905	0.63

*Source: NCDEX



International Market Scenario

International cotton prices remained slightly firm during the week. Cotlook A index weekly average stood 88.08 at cents/pound this week, which was 86.98 cents/pound during last week.

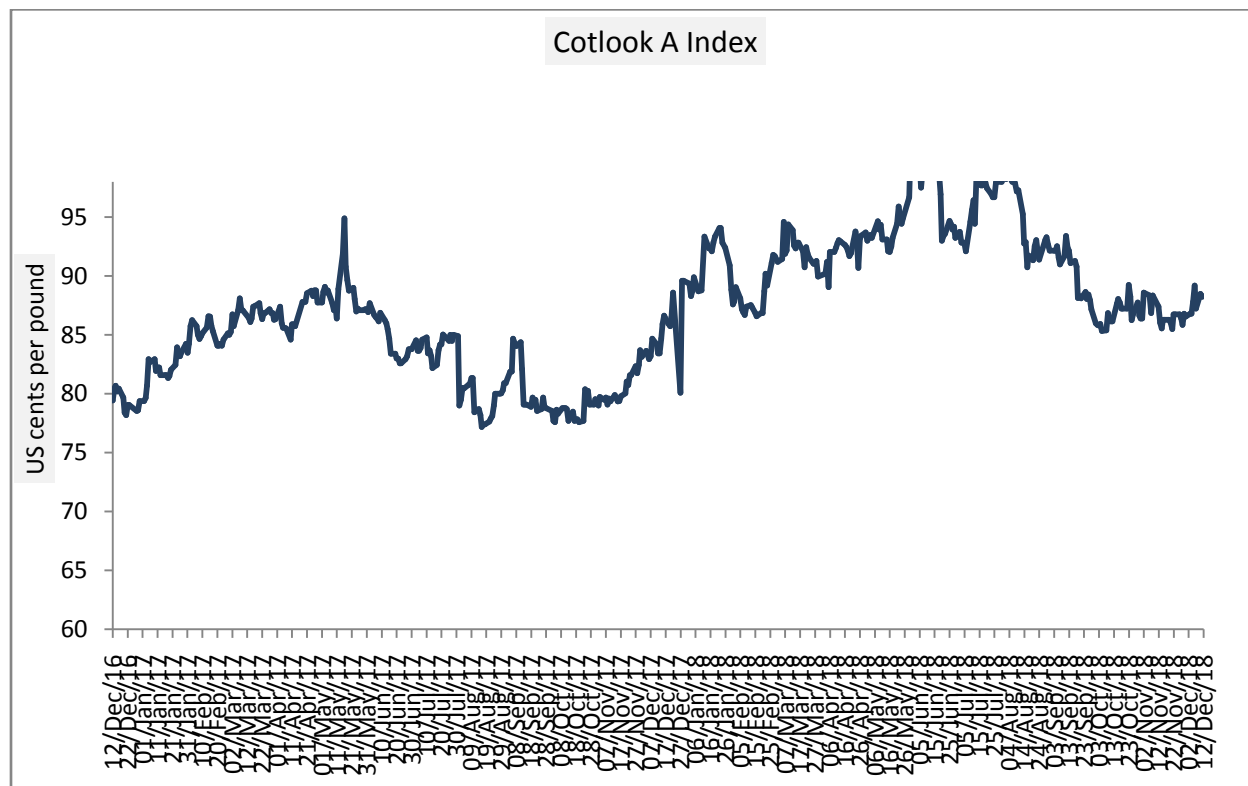
Major Market Highlights:

- The current USDA forecast shows the global 2018/19 cotton production at 118.7 million bales, down 0.54% on month and 4% from previous season. This month, production was reduced for India (1.8%), Pakistan (7.52%) and China (1.8%) due to various weather related reasons. Consumption is currently projected at 125.6 million bales, up 2% from previous season but 1% down on month. China, India and Pakistan are the top consuming countries in the world. However the global ending stocks are up 0.8% this month to 73.2 million bales but down about 9.2% from the last season.
- ICE cotton futures rose on Friday as expectations for a rebound in Chinese demand offset concerns about slowing global economic growth. The most active cotton contract on ICE Futures U.S., the March contract, rose 0.4 cent, or 0.5 percent, at 79.80 cents per lb as of 2:14 p.m.
- Watching the market last week was certainly not for the faint of heart. Even though March futures gained 132 points to settle at 80.23, it traded in a wide 325-point range. It began on a positive note when the U.S and China agreed to a 90-day truce in their ongoing trade war. The good news was short lived, however, when President Trump later tweeted he was still a “tariff man” followed by the arrest of a Chinese business executive. All this cast serious doubt on whether the two countries could negotiate a resolve.
- Movement in global cotton prices was mixed over the past month, with values for NY futures moving slightly higher, values for Chinese prices moving slightly lower, and the A Index stable.
- A narrow-ranged consolidation is ongoing in the ZCE cotton futures market. The short-term outlook remains negative if prices do not break and build value above 15’520 (basis May19 contract). Support is at 15’000-14’875, then at 14’500. Resistance at 15’520, then at around 16’000. Both, domestic and import cotton business, remained sluggish this week. Rumors circulating that China re-started purchases of US soybeans and liquified natural gas. No signs yet that US cotton purchases have also been resumed.

Cotlook A Index

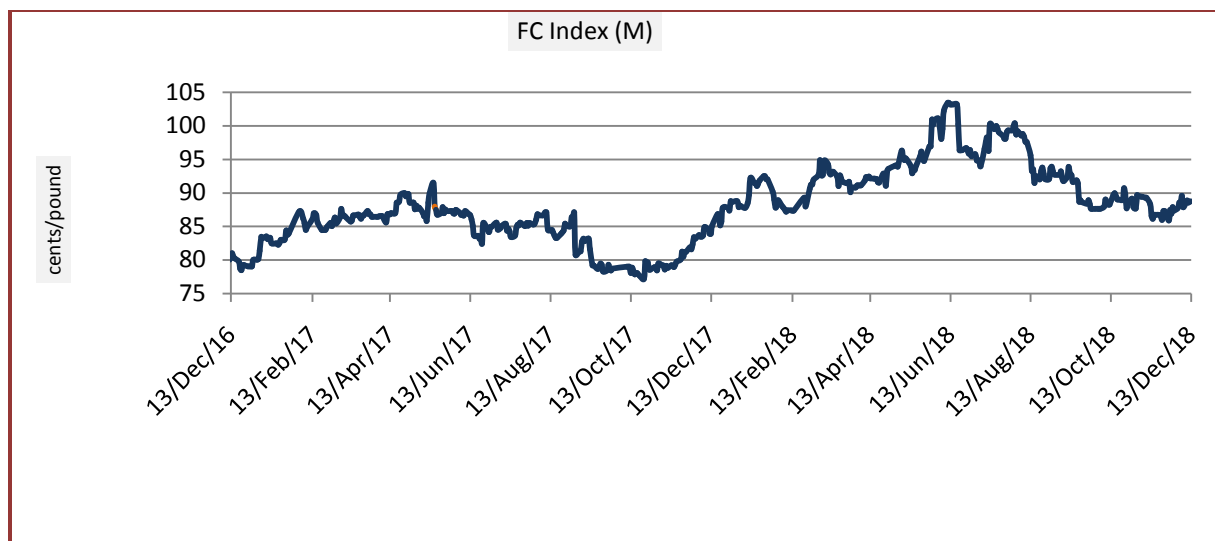
Cotlook A index remained Firm during the week.

Cotlook A Index	Weekly Average Price as on		% Change
	13-Dec-18	06-Dec -18	
Prices	88.08	86.98	1.26
Prices in US cents per Pound			



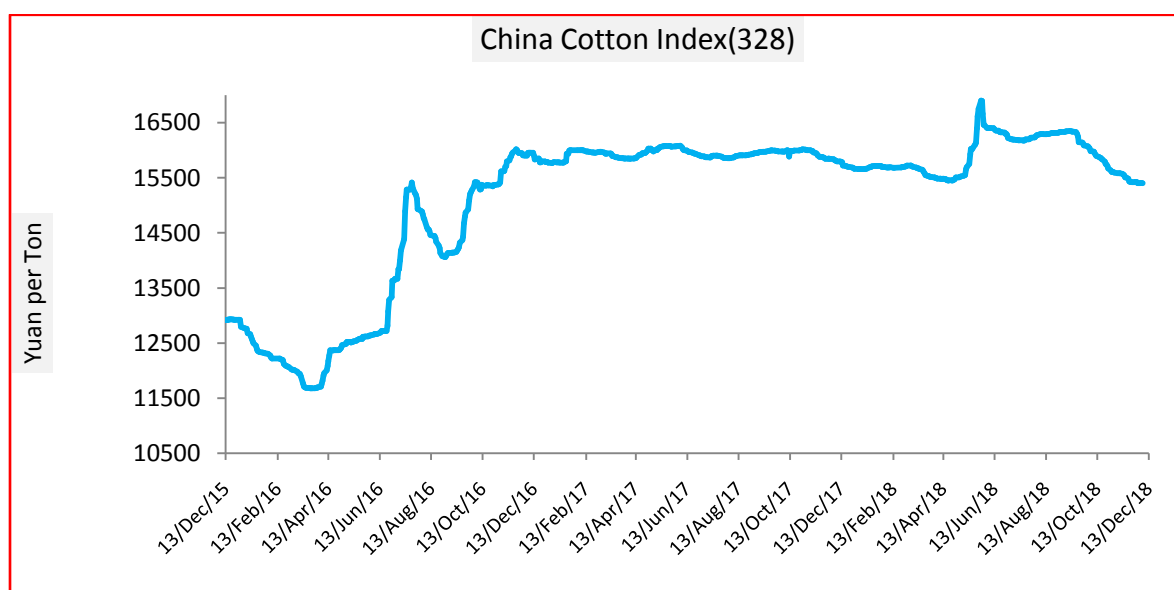
China Cotton Index and Foreign Cotton Index

Cotton Index	Monthly Average Price as on		% Change
	13-Dec-18	06-Dec -18	
FC (S)	92.35	92.25	0.11
FC (M)	88.53	88.35	0.20
FC (L)	85.67	85.41	0.30
Prices in US cents per Pound			



China Index remained slightly weak during the Week. CC Index (328) remained 14404 Yuan per ton during the week. Average was 15424 Yuan per ton during previous week.

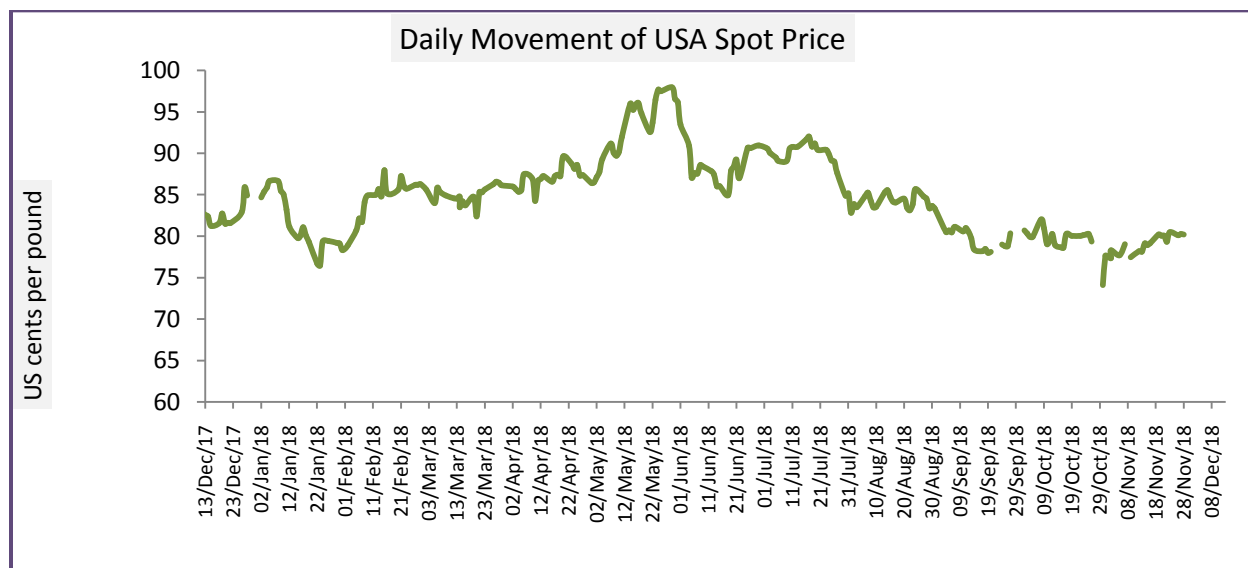
Cotton Index	Monthly Average Price as on		% Change
	13-Dec-18	06-Dec -18	
CCIndex(328)	14404	15424	-6.61
CCIndex(527)	14445	14474	-0.20
CCIndex(229)	15893	15930	-0.23
Prices in Yuan per ton			



USA Spot Prices

The USDA World Agriculture Demand and Supply Estimate (WASDE) surprised most with an increase in the U.S. production to now 18.588 million bales. Texas, as usual, was the wild card with a less than ideal harvest. Many market participants expected a decrease for that state, not a 300'000-bale increase. The un-expected increase came from South Texas, where the yield on the Coastal Bend was increased from 840 lbs in November to 1'157 lbs in December - which resulted in an additional 185'000 bales for that district. It certainly raises questions on how the USDA was able to judge the yield so different until present, considering South Texas being the first crop harvested in a U.S. crop cycle. This season, the abandonment rate for Texas is extremely high with 41.5 %. Only 4.5 million acres will be harvested out of 7.7 million acres planted! E.g. district 12, the largest cotton growing area for Texas, with 3.285 million acres planted, will only harvest 1.5 million acres. The abandonment rate there is 54.3 %. It seems as if Texas remains the major challenge for any early production estimate.

USA Spot Prices	Monthly Average Price as on		% Change
	13-Dec-18	06-Dec-18	
Prices	80.28	79.87	0.51
Prices in US cents per Pound			



Pakistan Spot Prices

Cotton production is estimated to fall 25 percent short of its target of 14.37 million bales in the current season as water shortage and pest attacks have squeezed the crop yields – signaling hard time ahead for the already struggling economy that is heavily reliant on fibre.

Official data on last week revealed that cotton output for 2018/19 is estimated at 10.847 million bales as water shortage and cotton leaf curl virus (CLCV) held back overall gains of areas under cultivation. The data showed that cotton

production in the Punjab is estimated at 8.077 million bales as against the target of 10 million bales, while Sindh's output is feared to be just 2.60 million bales against the target of 4.20 million bales.

The country achieved a decade-high growth of 5.8 percent during the last fiscal year, but analysts feared the economy is likely to slide off on external pressures. An estimate said one million bales have an impact of 0.5 percentage points on GDP and the effect of cotton shortage on the economy due to the sector's backward and forward linkages with textile industry could simply be assessed.

Karachi Spot Prices	Monthly Average Price as on		% Change
	13-Dec-18	06-Dec-18	
Prices	8960	8890	0.79
Prices in Rs per 37.32 Kg			

Weekly Technical Outlook:

Technical Analysis of Cotton Future ('Dec 18 Contract) at ICE



- Candlesticks denote bearish movement in the market.
- Volume increased while Open Interest decreased.
- We expect cotton prices to remain sideways to firm in the coming month.

Expected Price Range During Coming month

Expected Trend	Expected Trading Band
Range bound to Bearish Momentum	78-80

Expected Support and Resistance

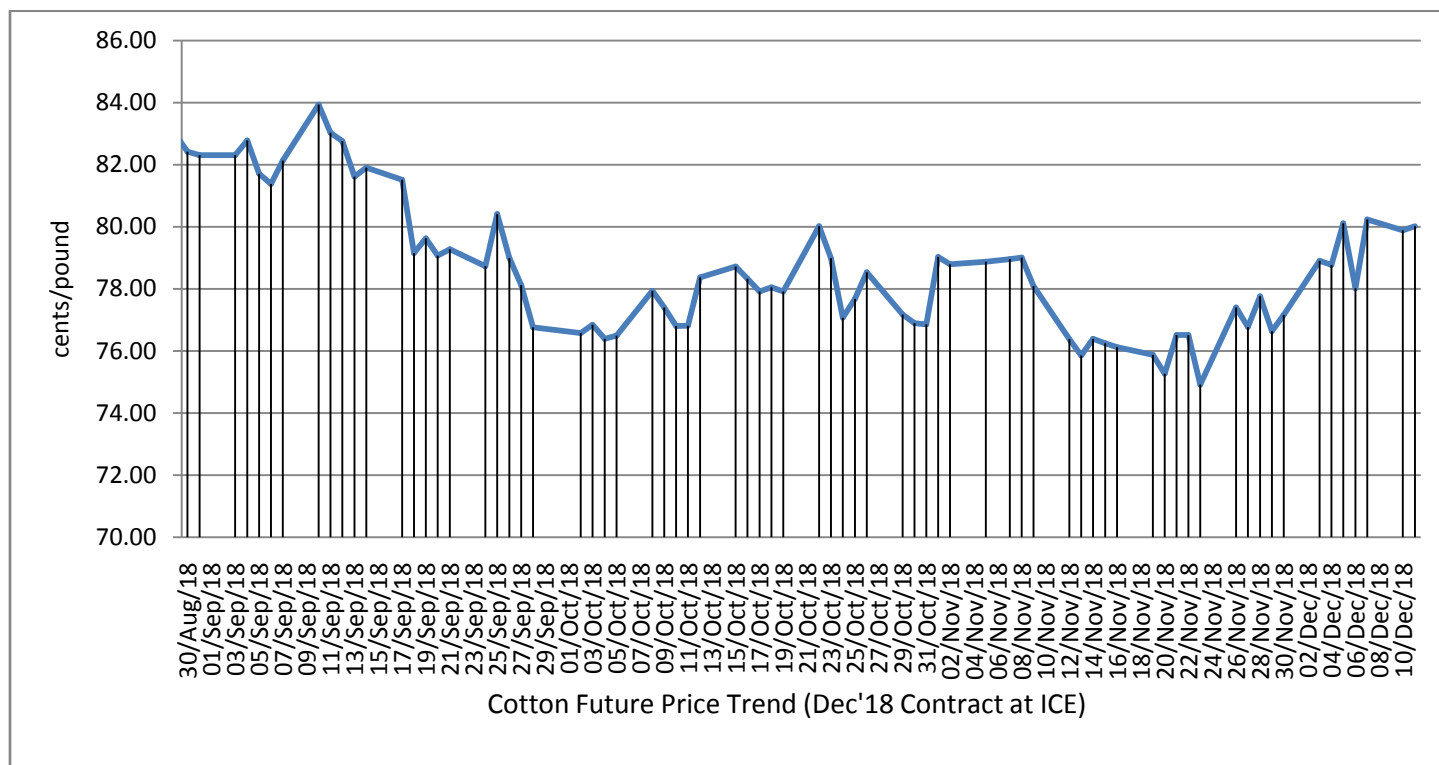
Support 1	Support 2	Resistance 1	Resistance 2
70	65	100	95

Figures in US cents/pound

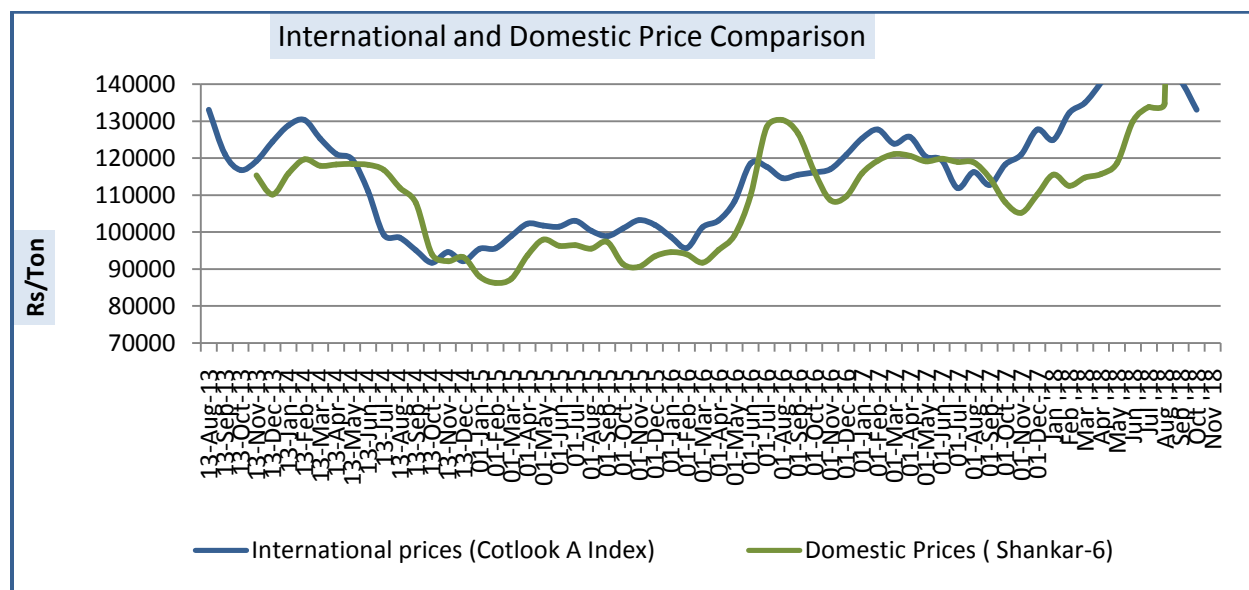
Cotton Future Prices at ICE

Cotton Prices in Future Contract on ICE						Prices in cents/Lb	
Contracts	11_Dec_2018	11_Nov_2018 (1 month ago)	11_Oct_2018 (3 month ago)	11_Jul_2018 (6 month ago)	11_Dec_2017 (Year Ago)	% Change over a month	% Change over previous year
01-Mar-19	80.22	78.25	78.17	84.23	71.48	2.52	12.23
01-May-19	81.13	78.59	79.03	84.15		3.23	-
01-Jul-19	81.72	80.78	79.66	79.26		1.16	
01-Oct-19	78.8	78.24	77.4			0.72	
01-Dec-19	77.82	77.59	76.2			0.30	
01-Mar-20	78.52					-	

Future Price Trend (Active Contract):



International and Domestic Price Comparison



Cotton Prices at Key Spot Markets:

Commodity	Kapas		Weekly Average Prices (Rs./Quintal)		Change
	State	Centre	Variety	07th to 13 th Dec 2018	30th Nov to 06th Dec 2018
Gujarat		Ahmedabad	Shankar-6	5675	5642
		Gondal	Shankar-6	5674	5592
		Rajkot	B.T. Cotton	5714	5687
		Patan	B.T. Cotton	5686	5661
		Kadi	B.T. Cotton	5796	5767
		Deesa	B.T. Cotton	5382	5342
		Dhrol	B.T. Cotton	5532	5479
Haryana		Bhiwani	B.T. Cotton	5696	5656
		Bhiwani	Desi	5800	6000
		Adampur	B.T. Cotton	5502	5452
		Fatehabad	B.T. Cotton	5489	5466
		Jind	B.T. Cotton	5738	5698
		Uchana	B.T. Cotton	5519	5476
		Dabwali	B.T. Cotton	5428	5388
Rajasthan		Hanumangarh	B.T. Cotton	5513	5440
		Rawatsar	B.T. Cotton	5443	5309
Madhya Pradesh		Khandwa	Mech-1	5523	5491
		Khargaon	Mech-1	5567	5525

Maharashtra	Amravati	Mech-1	5680	5646	34
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5792	5833	-42
	Hathras	Desi	4896	4917	-21
Telangana	Adilabad	Un-Ginned	5450	5374	76
Karnataka	Bijapur	Bunny	5928	5827	102
	Hubli	D.C.H.	5715	5682	33
	Hubli	B.T. Cotton	6513	6900	-387
	Raichur	H-44 Cotton	5698	5655	43
Commodity	Lint		Prices (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	07th to 13 th Dec 2018	30th Nov to 06th Dec 2018	
Punjab	Bhatinda	J-34	4451	4420	31
	Abohar	J-34	4453	4423	30
	Mansa	J-34	4437	4405	32
Haryana	Sirsa	J-34	4447	4402	45
Rajasthan	Sri-Ganganagar	J-34	4136	4113	24

Cotton Arrivals in Key Centers:

Commodity	Kapas		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	07th to 13 th Dec 2018	30th Nov to 06th Dec 2018	
Gujarat	Ahmedabad	Shankar-6	306000	289000	17000
	Gondal	Shankar-6	17399	20976	-3577
	Rajkot	B.T. Cotton	34500	33220	1280
	Patan	B.T. Cotton	72776	104560	-31784
	Kadi	B.T. Cotton	170000	180000	-10000
	Deesa	B.T. Cotton	575	335	240
	Dhrol	B.T. Cotton	3649	3818	-169
Haryana	Bhiwani	B.T. Cotton	23000	30000	-7000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	3910	5525	-1615
	Fatehabad	B.T. Cotton	4400	7000	-2600
	Jind	B.T. Cotton	5602	6766	-1165
	Uchana	B.T. Cotton	19715	16110	3605
	Dabwali	B.T. Cotton	5725	7025	-1300
Rajasthan	Hanumangarh	B.T. Cotton	15300	15800	-500
	Rawatsar	B.T. Cotton	3550	18000	-14450
Madhya Pradesh	Khandwa	Mech-1	20345	25715	-5370
	Khargaon	Mech-1	39260	99050	-59790
Maharashtra	Amravati	Mech-1	43500	82000	-38500

	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	675	395	280
	Hathras	Desi	550	545	5
Telangana	Adilabad	Un-Ginned	6674	30516	-23842
Karnataka	Bijapur	Bunny	18372	22569	-4197
	Hubli	D.C.H.	339	820	-481
	Hubli	B.T. Cotton	270	472	-202
	Raichur	H-44 Cotton	3779	4123	-344
Commodity	Lint		Weekly Sum Arrivals (Quintal)		Change
State	Centre	Variety	07th to 13 th Dec 2018	30th Nov to 06th Dec 2018	
Punjab	Bhatinda	J-34	45050	43350	1700
	Abohar	J-34	6800	7310	-510
	Mansa	J-34	5100	5610	-510
Haryana	Sirsa	J-34	7140	11730	-4590
Rajasthan	Sri-Ganganagar	J-34	15500	17500	-2000

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				06th to 12 th Dec 2018	29th Nov to 05th Dec 2018	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	41400	41400	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41900	41900	Unch
J-34(202)	26mm	3.5 - 4.9	23	42183	41900	283
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	43267	NA	-
Shankar-6(105)	29mm	3.5 – 4.9	28	44517	44117	400
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	45633	45600	33
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	46467	46350	117
DCH-32(107)	34mm	3.0 - 3.8	33	58267	57950	317

Week on Week Price: Scenario of Cotton:

Commodity	Kapas		Today	Week Ago	Month Ago	Year Ago
State	Centre	Variety	13-Dec-18	6-Dec-18	13-Nov-18	13-Dec-17
Gujarat	Ahmedabad	Shankar-6	5650	5625	5825	5000
	Gondal	Shankar-6	5620	5575	5850	5030
	Rajkot	B.T. Cotton	5750	5650	5850	5025
	Patan	B.T. Cotton	5665	5700	6000	5040
	Kadi	B.T. Cotton	5750	5750	5900	5000
	Deesa	B.T. Cotton	5450	5350	5550	NA

	Dhrol	B.T. Cotton	5500	5350	5730	4950
Haryana	Bhiwani	B.T. Cotton	5700	5650	5600	4950
	Bhiwani	Desi	5800	5800	6500	5750
	Adampur	B.T. Cotton	5500	5450	5450	4800
	Fatehabad	B.T. Cotton	5475	5450	5500	4850
	Jind	B.T. Cotton	5730	5660	5692	4890
	Uchana	B.T. Cotton	5575	5450	5500	4800
	Dabwali	B.T. Cotton	5400	5360	5450	4680
Rajasthan	Hanumangarh	B.T. Cotton	5500	Closed	5600	4850
	Rawatsar	B.T. Cotton	5410	Closed	5380	4700
Madhya Pradesh	Khandwa	Mech-1	5660	5520	5627	4850
	Khargaon	Mech-1	5555	5505	5605	5100
Maharashtra	Amravati	Mech-1	5650	5625	NA	NR
	Jamner	Medium Staple	NA	NA	NA	NA
Uttar Pradesh	Hathras	B.T. Cotton	5400	6000	5800	6000
	Hathras	Desi	4800	5000	4700	4500
Telangana	Adilabad	Un-Ginned	5450	NR	NA	4800
Karnataka	Bijapur	Bunny	5978	5821	5980	5360
	Hubli	D.C.H.	NR	5751	5805	5459
	Hubli	B.T. Cotton	NR	6690	NR	6600
	Raichur	H-44 Cotton	5700	5650	5770	5150
Commodity	Lint		Today	Week Ago	Month Ago	Year Ago
State	Centre	Variety	13-Dec-18	6-Dec-18	13-Nov-18	13-Dec-17
Punjab	Bhatinda	J-34	4470	4410	4560	4015
	Abohar	J-34	4475	4420	4560	4010
	Mansa	J-34	4450	4400	4550	3990
Haryana	Sirsa	J-34	4460	4400	4550	3990
Rajasthan	Sri-Ganganagar	J-34	4136	4136	4324	3760

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)
State	Centre	Variety	13-Dec-18	6-Dec-18	13-Nov-18	13-Dec-17
Gujarat	Ahmedabad	Shankar-6	59500	42500	34000	59500
	Gondal	Shankar-6	2994	3649	2434	2664
	Rajkot	B.T. Cotton	6000	5470	3000	4850
	Patan	B.T. Cotton	9975	14014	14178	26063
	Kadi	B.T. Cotton	30000	35000	20000	50000
	Deesa	B.T. Cotton	60	135	40	NA
	Dhrol	B.T. Cotton	501	655	468	426
Haryana	Bhiwani	B.T. Cotton	4000	7000	9000	3500

	Bhiwani	Desi	NA	NA	NA	20
	Adampur	B.T. Cotton	340	680	1020	4999
	Fatehabad	B.T. Cotton	300	1200	600	1000
	Jind	B.T. Cotton	450.5	1504.5	136	765
	Uchana	B.T. Cotton	2500	2835	3645	3600
	Dabwali	B.T. Cotton	700	1150	300	750
Rajasthan	Hanumangarh	B.T. Cotton	4000	Closed	2000	2000
	Rawatsar	B.T. Cotton	1000	Closed	1000	1000
Madhya Pradesh	Khandwa	Mech-1	2610	4050	1326	800
	Khargaon	Mech-1	6690	9070	7180	8250
Maharashtra	Amravati	Mech-1	11000	11000	NA	NR
	Jamner	Medium Staple	NA	NA	NA	NA
Uttar Pradesh	Hathras	B.T. Cotton	60	90	100	NA
	Hathras	Desi	30	100	60	NA
Telangana	Adilabad	Un-Ginned	6674	NR	NA	11869
Karnataka	Bijapur	Bunny	3628	4277	2394	2450
	Hubli	D.C.H.	NR	94	94	100
	Hubli	B.T. Cotton	NR	54	NR	12
	Raichur	H-44 Cotton	570	592	2010	1222
Commodity	Lint		Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)
State	Centre	Variety	13-Dec-18	6-Dec-18	13-Nov-18	13-Dec-17
Punjab	Bhatinda	J-34	8500	7650	7650	8500
	Abohar	J-34	1190	1190	850	1190
	Mansa	J-34	850	850	510	510
	Sirsa	J-34	1020	1700	510	510
	Sri-Ganganagar	J-34	5000	2500	2500	500

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