

Domestic Fundamentals:**Market Outlook:**

The price in Indian market is higher than that internationally. This is backed by higher MSP and purchases by CCI. The market may move up only through larger off take by exporters or by domestic industry. This may occur gradually over the next few months.

News:

US-China trade relations have started to hurt India's cotton yarn exports and there is a chance of more damage. Chinese importers have renegotiated orders of Indian cotton yarn worth \$400-500 million in the past few weeks. The US-China tariff war had benefited India. Between June and September 2018, the US announced high customs duties on several Chinese goods and China retaliated by increasing levies on US goods. India exported \$892.4 million worth of cotton yarn to China in April-November, up 2.5% from \$870.2 million in 2017-18.

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.

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 at isolated pockets very likely over Madhya Pradesh, Vidarbha and Odisha.

◆Cold day conditions at isolated pockets very likely over Madhya Pradesh and Vidarbha.

◆Thunderstorm accompanied with hailstorm very likely over Jammu & Kashmir, Himachal Pradesh, Punjab, Haryana and West Rajasthan.

◆Strong wind speed reaching 35-45 kmph likely along & off south Tamilnadu coast, Gulf of Mannar and Comorin area.

International Fundamentals:

During this week NY future was stable. On 30th January Chinese delegation will go to US for further negotiation to resolve the trade dispute. Market is looking for some positive outcome from this meeting. On the Government shutdown front, a compromise of sorts has been reached between the president and the democrats to reopen the government for 3 weeks.

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	-0.44	20700	20730	20520	20590	808	260	1540	-22
Feb-19	-0.57	20970	21070	20850	20870	1745	355	10416	904

Spread	Dec-18		-	-	--	--
Spot	-340		-	-	-	-
Feb-19			-	-	-	-

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

* Updated at as on 31-Jan- 2019 @5.00pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	31-Jan-19	30-Jan-19	
Gujarat	Ahmedabad	Shankar-6	5600	5600	Unch
	Gondal	Shankar-6	5540	5575	-35
	Rajkot	B.T. Cotton	5555	5575	-20
	Patan	B.T. Cotton	5615	5600	15
	Kadi	B.T. Cotton	5700	5700	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5230	5250	-20
Haryana	Bhiwani	B.T. Cotton	5680	5700	-20
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5500	5500	Unch
	Fatehabad	B.T. Cotton	5480	5500	-20
	Jind	B.T. Cotton	5650	5700	-50
	Uchana	B.T. Cotton	5480	5480	Unch
	Dabwali	B.T. Cotton	5350	5400	-50
Rajasthan	Hanumangarh	B.T. Cotton	5525	5550	-25
	Rawatsar	B.T. Cotton	5500	5480	20
Madhya Pradesh	Khandwa	Mech-1	5555	5555	Unch
	Khargaon	Mech-1	5505	5505	Unch
Maharashtra	Amravati	Mech-1	5550	5550	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5300	5300	Unch
	Hathras	Desi	4800	4800	Unch
Telangana	Adilabad	Un-Ginned	5340	5370	-30
Karnataka	Bijapur	Bunny	5963	5859	104
	Hubli	D.C.H.	NR	NR	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	5600	5560	40
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	31-Jan-19	30-Jan-19	
Punjab	Bhatinda	J-34	4455	4420	35
	Abohar	J-34	4455	4455	Unch
	Mansa	J-34	4415	4410	5
Haryana	Sirsa	J-34	#N/A	#N/A	-
Rajasthan	Sri-Ganganagar	J-34	4136	4183	-47

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	31-Jan-19	30-Jan-19	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	1328	2061	-733
	Rajkot	B.T. Cotton	4000	3800	200
	Patan	B.T. Cotton	5585	6400	-815
	Kadi	B.T. Cotton	40000	35000	5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	363	319	44
Haryana	Bhiwani	B.T. Cotton	1500	2500	-1000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	510	510	Unch
	Fatehabad	B.T. Cotton	300	500	-200
	Jind	B.T. Cotton	1046	1250	-204
	Uchana	B.T. Cotton	4550	4865	-315
	Dabwali	B.T. Cotton	100	250	-150
Rajasthan	Hanumangarh	B.T. Cotton	2000	2500	-500
	Rawatsar	B.T. Cotton	2000	3000	-1000
Madhya Pradesh	Khandwa	Mech-1	2048	2048	Unch
	Khargaon	Mech-1	6210	5610	600
Maharashtra	Amravati	Mech-1	10000	12000	-2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	11529	8380	3149
Karnataka	Bijapur	Bunny	2831	3145	-314
	Hubli	D.C.H.	NR	2	-
	Hubli	B.T. Cotton	NR	NR	-
	Raichur	H-44 Cotton	855	787	68
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	31-Jan-19	30-Jan-19	
Punjab	Bhatinda	J-34	6800	6800	Unch
	Abohar	J-34	680	1020	-340
	Mansa	J-34	1020	1190	-170
Haryana	Sirsa	J-34	680	1700	-1020
Rajasthan	Sri-Ganganagar	J-34	2000	2000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	31-Jan-19	30-Jan-19	
Gujarat	Rajkot	Rs. /10 Kg.	740	740	Unch
Delhi	New Delhi	Rs. /10 Kg.	740	740	Unch
Telangana	Hyderabad	Rs. /10 Kg.	750	750	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	760	760	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	31-Jan-19	30-Jan-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2057	2047	10
Maharashtra	Akola	Rs./Qtl	2055	2048	7

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				30-Jan-19	29-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	41800	41900	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	41000	41000	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	42500	42500	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43800	43900	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	45100	45300	-200
DCH-32(107)	34mm	3.0 - 3.8	33	55000	55000	Unch

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	31-Jan-19	30-Jan-19	Change
CCIndex(328)	RMB/Ton	15501	15499	2
CCIndex(527)	RMB/Ton	14547	14546	1
CCIndex(229)	RMB/Ton	15971	15968	3

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

China Foreign Cotton (FCE) Index :

Index	Unit	31-Jan-19	30-Jan-19	Change
FC Index (S)	Cents/lb	87.72	87.5	0.22

FC Index (M)	Cents/lb	83.3	83.09	0.21
FC Index (L)	Cents/lb	80.68	80.43	0.25

Cotlook Index:

Cotlook Indices	Unit	30-Jan-19	29-Jan-19	Change
A-Index	Cents/Pound	83.55	83.35	0.20

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		30-Jan-19	29-Jan-19	Bales
Southeast	cents/lb.	71.86	73.9	250
North Delta	cents/lb.	71.11	72.65	0
South Delta	cents/lb.	71.11	72.65	0
East TX-OK	cents/lb.	69.11	71.4	4855
West Texas	cents/lb.	69.11	71.65	12726
Desert SW	cents/lb.	68.36	72.4	376
SJ Valley	cents/lb.	68.86	77.55	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 Wed January 30, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-19	190130	74.14	74.55	73.76	74.36	0.21	11,814	1,14,448	-1,350
May-19	190130	75.5	75.89	75.12	75.74	0.26	5,268	47,400	1,089
Jul-19	190130	76.79	77.15	76.43	77.02	0.25	1,144	28,945	-13
Oct-19	190130	75.07	75.07	75.07	75.07	0.25	0	9	0
Dec-19	190130	74.13	74.45	73.97	74.42	0.19	772	35,799	125
Mar-20	190130	75.33	75.33	75.33	75.33	0.16	124	2,534	58
Total Volume and Open Interest							19,122	2,30,720	-91

Pakistan Cotton Spot rates: As on 30-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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