

**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:**

*Cotton output in Gujarat is seen declining nearly 50% on year to 5.2 mln bales in 2018-19 (Jul-Jun), according to the second advance estimate of the state farm department. In its first advance estimate in September, the government had projected cotton output in the state at 8.83 mln bales. Below-normal rainfall in key growing regions has resulted in a sharp fall in cotton yield, which is seen falling to 326 kg per ha from 660 kg last year.*

*Cotton prices have softened further, despite a lower crop, on weak demand from both yarn mills and overseas markets. Cotton prices are now hovering around Rs.42,500-44,000 levels per candy (356 kg each), a decline of about a tenth over the comparative prices in October. At the beginning of the cotton harvest season in October, cotton prices were around Rs.47,000 per candy.*

*So far, farmers across the country have sold about 160 lakh bales from the current crop. There's still an equal quantity of cotton that farmers will be bringing into the markets over the next couple of months. This is even as ginners are finding it hard to sell the processed cotton because of disturbances in currency and trade war.*

*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:**

Moderate to heavy rain and snow is expected over Jammu Kashmir, Himachal Pradesh and Uttarakhand. Light to moderate rains with few heavy spells of rain and thundershowers are possible over Punjab, Haryana and parts of Uttar Pradesh. Scattered rains may also occur over Delhi and North Madhya Pradesh. Day temperatures will drop over many parts of Punjab, Haryana and Uttar Pradesh. Pollution levels are expected to improve over Delhi-NCR region.

#### **International Fundamentals:**

**ICE cotton futures rose on Wednesday** on prospects of a trade deal between the United States and China and ahead of data from the U.S. Department of Agriculture due later in the week. The most active cotton contract on ICE Futures U.S., the March contract, was up 0.38 cent, or 0.52 percent, at 73.78 cents per lb as of 1:19 p.m EST (1819 GMT).

**By the conclusion of the 2018/19 season, world cotton stocks are projected to drop to 17.6 million tonnes**, reflecting a decrease of 5% from the prior year and registering the fourth straight year of decline, the International Cotton Advisory Committee (ICAC) said in its latest report. Consumption is expected to remain steady but a 3% decline in global production will draw down the world's warehouses, the report said. Production in China is estimated to increase 1% to 5.94 million tonnes, and when combined with a 7% decline in India's production due to insufficient rainfall, the changes mean China will regain the 'top producer' title it lost to India in the 2015/16 season.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-19	0.05	20640	20740	20640	20730	679	-894	10158	-112
Mar-19	0.14	20980	21020	20930	21020	143	-353	2803	129

Spread	Dec-18		-	-	--	--
Spot	-280			-	-	-
Mar-19				-	-	-

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

\* Updated at as on 07-Feb- 2019 @5.00pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	07-Feb-19	06-Feb-19	
Gujarat	Ahmedabad	Shankar-6	5550	5550	Unch
	Gondal	Shankar-6	5525	5535	-10
	Rajkot	B.T. Cotton	5505	5525	-20
	Patan	B.T. Cotton	5490	5540	-50
	Kadi	B.T. Cotton	5600	5600	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5250	5325	-75
Haryana	Bhiwani	B.T. Cotton	5650	5650	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5450	5425	25
	Fatehabad	B.T. Cotton	5425	5450	-25
	Jind	B.T. Cotton	NA	5750	-
	Uchana	B.T. Cotton	5450	5450	Unch
	Dabwali	B.T. Cotton	5300	5390	-90
Rajasthan	Hanumangarh	B.T. Cotton	5470	5450	20
	Rawatsar	B.T. Cotton	5450	5400	50
Madhya Pradesh	Khandwa	Mech-1	5525	5510	15
	Khargaon	Mech-1	5360	5400	-40
Maharashtra	Amravati	Mech-1	5400	5400	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5100	5300	-200
	Hathras	Desi	4700	4800	-100
Telangana	Adilabad	Un-Ginned	5250	5250	Unch
Karnataka	Bijapur	Bunny	NA	5699	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5550	5540	10
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	07-Feb-19	06-Feb-19	
Punjab	Bhatinda	J-34	4400	4420	-20
	Abohar	J-34	4420	4455	-35
	Mansa	J-34	4400	4410	-10
Haryana	Sirsa	J-34	#N/A	#N/A	-
Rajasthan	Sri-Ganganagar	J-34	4089	4183	-94

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	07-Feb-19	06-Feb-19	
Gujarat	Ahmedabad	Shankar-6	59500	59500	Unch
	Gondal	Shankar-6	1029	1485	-456
	Rajkot	B.T. Cotton	3150	3640	-490
	Patan	B.T. Cotton	3367	4350	-983
	Kadi	B.T. Cotton	35000	45000	-10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	205	268	-63
Haryana	Bhiwani	B.T. Cotton	1200	1000	200
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	595	510	85
	Fatehabad	B.T. Cotton	300	300	Unch
	Jind	B.T. Cotton	NA	1190	-
	Uchana	B.T. Cotton	4600	4660	-60
	Dabwali	B.T. Cotton	50	400	-350
Rajasthan	Hanumangarh	B.T. Cotton	1500	1500	Unch
	Rawatsar	B.T. Cotton	2000	2000	Unch
Madhya Pradesh	Khandwa	Mech-1	2565	2990	-425
	Khargaon	Mech-1	4420	4870	-450
Maharashtra	Amravati	Mech-1	13000	12000	1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	50	50	Unch
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	12006	18240	-6234
Karnataka	Bijapur	Bunny	NA	1811	-
	Hubli	D.C.H.	NA	10	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	795	802	-7
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	07-Feb-19	06-Feb-19	
Punjab	Bhatinda	J-34	5100	5950	-850
	Abohar	J-34	340	850	-510
	Mansa	J-34	340	850	-510
Haryana	Sirsa	J-34	680	850	-170
Rajasthan	Sri-Ganganagar	J-34	2000	2000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	07-Feb-19	06-Feb-19	
Gujarat	Rajkot	Rs. /10 Kg.	740	745	-5
Delhi	New Delhi	Rs. /10 Kg.	738	748	-10
Telangana	Hyderabad	Rs. /10 Kg.	745	735	10
Maharashtra	Mumbai	Rs. /10 Kg.	765	760	5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	07-Feb-19	06-Feb-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1977	2022	-45
Maharashtra	Akola	Rs./Qtl	1976	2005	-29

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				06-Feb-19	05-Feb-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	41200	41000	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40800	40600	200
Shankar-6(105)	29mm	3.5 - 4.9	28	42100	41800	300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43400	43100	300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44700	44500	200
DCH-32(107)	34mm	3.0 - 3.8	33	51000	52000	-1000

## Daily Futures Price Listing Wed February 06, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Mar-19</a>	190206	73.4	74.11	73.1	73.66	0.26	22,446	1,02,378	-3,697
<a href="#">May-19</a>	190206	74.49	75.41	74.34	74.86	0.17	14,172	59,940	2,010
<a href="#">Jul-19</a>	190206	75.97	76.79	75.73	76.22	0.18	7,196	33,366	2,336
<a href="#">Oct-19</a>	190206	74.74	74.74	74.74	74.74	0.16	2	11	2
<a href="#">Dec-19</a>	190206	74.31	74.68	74	74.56	0.22	3,960	37,334	502
<a href="#">Mar-20</a>	190206	75.67	75.99	75.67	75.91	0.26	931	4,996	396
Total Volume and Open Interest							48,708	2,39,624	1,550

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	07-Feb-19	06-Feb-19	Change
CCIndex(328)	RMB/Ton	15503	NR	-
CCIndex(527)	RMB/Ton	14553	NR	-
CCIndex(229)	RMB/Ton	15978	NR	-
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	07-Feb-19	06-Feb-19	Change
FC Index (S)	Cents/lb	85.36	NR	-
FC Index (M)	Cents/lb	81.68	NR	-
FC Index (L)	Cents/lb	78.43	NR	-

Cotlook Index:

Cotlook Indices	Unit	06-Feb-19	05-Feb-19	Change
A-Index	Cents/Pound	82.65	82.25	0.40

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		06-Feb-19	05-Feb-19	Bales
Southeast	cents/lb.	71.16	73.15	0
North Delta	cents/lb.	70.41	71.9	0
South Delta	cents/lb.	70.41	71.9	0
East TX-OK	cents/lb.	68.41	70.65	1659
West Texas	cents/lb.	68.41	70.9	886
Desert SW	cents/lb.	67.16	71.15	2260
SJ Valley	cents/lb.	67.66	76.3	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 05-feb-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

#### **Disclaimer**

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