

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 prices are expected to remain firm this year due to lower production in the country, apart from rising consumption in both the domestic and overseas markets. Prices may rise by March end, when market despatches will reduce. A weakening of the rupee will also help overseas demand for India's cotton exports. According to trade sources, export business was reported for China, Indonesia and Bangladesh markets. However, export sales volume still remains nominal. Total cotton exports for 2018-19 season (October-September period) reached around 2.5million bales till December 2018. Agriwatch have kept a target to export 53lakh bales.

The CAI in its latest estimates the cotton crop for 2018-19 season is expected at 330 lakh bales of 170 kgs. each which is lower by 5 lakh bales than its previous estimate of 335 lakh bales made during last month. The CAI has reduced the crop estimate for Telangana by 2.50 lakh bales, Andhra Pradesh by 50,000 bales and Karnataka by 2 lakh bales. The main reason for lower crop is that in the Southern Zone farmers have uprooted their cotton plants due to moisture deficiency as a result of which there is no scope further pickings.

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.

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:

Fairly widespread rain and snow is expected over Jammu and Kashmir, Himachal Pradesh and Uttarakhand. Light to moderate rain and thundershower with few heavy spells is possible over Punjab, Haryana, West Uttar Pradesh and scattered over Delhi and North Rajasthan. Hailstorm is also possible over parts of these states. Light rain may also commence over parts of Bihar. Light to moderate rain will occur over Chhattisgarh and parts of Vidarbha. Day temperatures will drop across the northern plains.

International Fundamentals:

Cotton futures closed Thursday with most contracts 13 to 94 points lower. A stronger dollar provided some pressure. Upland cotton sales in the week that ended on 12/27 totaled 228,202 RB for 18/19 and 32,208 RB for 19/20. The old crop sales were the second largest only behind the week prior as total sales were down 9.31% from a year ago.

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	-0.39	20640	20640	20500	20600	1106	427	10162	4
Mar-19	-0.38	20900	20930	20830	20900	130	-13	2844	41

Spread	Feb-19		-	-	--	--
Spot	-290			-	-	-
Mar-19				-	-	-

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

* Updated at as on 08-Feb- 2019 @5.00pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	08-Feb-19	07-Feb-19	
Gujarat	Ahmedabad	Shankar-6	5550	5550	Unch
	Gondal	Shankar-6	5560	5525	35
	Rajkot	B.T. Cotton	5580	5505	75
	Patan	B.T. Cotton	5520	5490	30
	Kadi	B.T. Cotton	5550	5600	-50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5210	5250	-40
Haryana	Bhiwani	B.T. Cotton	5650	5650	Unch

	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5470	5450	20
	Fatehabad	B.T. Cotton	5440	5425	15
	Jind	B.T. Cotton	5740	NA	-
	Uchana	B.T. Cotton	5400	5450	-50
	Dabwali	B.T. Cotton	5365	5300	65
Rajasthan	Hanumangarh	B.T. Cotton	5450	5470	-20
	Rawatsar	B.T. Cotton	5420	5450	-30
Madhya Pradesh	Khandwa	Mech-1	5488	5525	-37
	Khargaon	Mech-1	5405	5360	45
Maharashtra	Amravati	Mech-1	5425	5400	25
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5100	5100	Unch
	Hathras	Desi	4700	4700	Unch
Telangana	Adilabad	Un-Ginned	5200	5250	-50
Karnataka	Bijapur	Bunny	5692	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5450	5550	-100
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	08-Feb-19	07-Feb-19	
Punjab	Bhatinda	J-34	4405	4420	-15
	Abohar	J-34	4400	4455	-55
	Mansa	J-34	4370	4410	-40
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	08-Feb-19	07-Feb-19	
Gujarat	Ahmedabad	Shankar-6	59500	59500	Unch
	Gondal	Shankar-6	1209	1029	180
	Rajkot	B.T. Cotton	2425	3150	-725
	Patan	B.T. Cotton	4000	3367	633
	Kadi	B.T. Cotton	20000	35000	-15000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	197	205	-8
Haryana	Bhiwani	B.T. Cotton	1200	1200	Unch
	Bhiwani	Desi	NA	NA	-

	Adampur	B.T. Cotton	510	595	-85
	Fatehabad	B.T. Cotton	400	300	100
	Jind	B.T. Cotton	950	NA	-
	Uchana	B.T. Cotton	4645	4600	45
	Dabwali	B.T. Cotton	225	50	175
Rajasthan	Hanumangarh	B.T. Cotton	1000	1500	-500
	Rawatsar	B.T. Cotton	2000	2000	Unch
Madhya Pradesh	Khandwa	Mech-1	2416	2565	-149
	Khargaon	Mech-1	3110	4420	-1310
Maharashtra	Amravati	Mech-1	12000	13000	-1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	50	50	Unch
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	10321	12006	-1685
Karnataka	Bijapur	Bunny	1533	1813	-280
	Hubli	D.C.H.	NA	34	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	622	795	-173
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	08-Feb-19	07-Feb-19	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	340	340	Unch
	Mansa	J-34	850	340	510
Haryana	Sirsa	J-34	850	680	170
Rajasthan	Sri-Ganganagar	J-34	2000	2000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	08-Feb-19	07-Feb-19	
Gujarat	Rajkot	Rs. /10 Kg.	745	740	5
Delhi	New Delhi	Rs. /10 Kg.	738	738	Unch
Telangana	Hyderabad	Rs. /10 Kg.	725	745	-20
Maharashtra	Mumbai	Rs. /10 Kg.	760	765	-5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	08-Feb-19	07-Feb-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1987	1977	10
Maharashtra	Akola	Rs./Qtl	1980	1976	4

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				07-Feb-19	06-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	41200	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40800	40800	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	42200	42100	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43400	43400	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44700	44700	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	50000	51000	-1000

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

Index	Unit	08-Feb-19	07-Feb-19	Change
CCIndex(328)	RMB/Ton	15503	15503	Unch
CCIndex(527)	RMB/Ton	14553	14553	Unch
CCIndex(229)	RMB/Ton	15978	15978	Unch
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	08-Feb-19	07-Feb-19	Change
FC Index (S)	Cents/lb	85.52	85.36	0.16
FC Index (M)	Cents/lb	81.93	81.68	0.25
FC Index (L)	Cents/lb	78.68	78.43	0.25

Cotlook Index:

Cotlook Indices	Unit	07-Feb-19	06-Feb-19	Change
A-Index	Cents/Pound	82.85	82.65	0.20

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		07-Feb-19	06-Feb-19	Bales
Southeast	cents/lb.	70.31	73.41	0
North Delta	cents/lb.	69.56	72.16	0
South Delta	cents/lb.	69.56	72.16	0

East TX-OK	cents/lb.	67.56	70.91	5422
West Texas	cents/lb.	67.56	71.16	3095
Desert SW	cents/lb.	66.31	71.41	951
SJ Valley	cents/lb.	66.81	76.56	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 Thu February 07, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-19	190207	73.6	73.86	72.48	72.81	-0.85	16,326	1,00,892	-1,486
May-19	190207	74.7	75.05	73.65	73.92	-0.94	14,802	64,525	4,585
Jul-19	190207	76.14	76.35	75	75.31	-0.91	6,757	34,755	1,389
Oct-19	190207	73.96	74.61	73.96	74.61	-0.13	1	10	-1
Dec-19	190207	74.43	74.62	73.66	74.53	-0.03	3,545	38,053	719
Mar-20	190207	75.54	76	75	75.94	0.03	1,007	5,885	889
Total Volume and Open Interest							42,442	2,45,717	6,093

Pakistan Cotton Spot rates: As on 07-feb-2019

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8600	160	8760
Equivalent	40 Kgs	9217	171	9388

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