

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:

Light rain and snow are expected over Jammu and Kashmir, Himachal Pradesh, Uttarakhand, Sikkim and Arunachal Pradesh. Spell of light rain and thundershower is expected over Tamil Nadu, Andhra Pradesh, Karnataka, Andaman and Nicobar Islands, Kerala and South Madhya Maharashtra. Shallow to moderate fog will occur over few places of Punjab, Haryana, Delhi, Uttar Pradesh, Bihar, Sub-Himalayan West Bengal and in pockets of northeastern states.

International Fundamentals:

The forecast for the marketing-year average price received by producers is reduced 2 cents per pound, to a midpoint of 72 cents. The world 2018/19 cotton supply and demand estimates include lower production and mill use but higher trade and stocks. Production is reduced nearly 300,000 bales, as smaller crops in Turkey, India, Burkina Faso and the United States offset increases in China, Brazil, Pakistan, and Australia.

The USDA estimates the 2018/19 Australia cotton crop will produce 2.6 million bales (0.566 million tonnes), up 0.1 million bales from December but down 2.1 million bales, or 45 per cent, from last year. The harvested area in Australia is estimated at 0.3 million hectares, unchanged from December, but down 43pc from last year. Yield is forecast at 1.887 tonnes per hectare, 2pc below the five-year average. Yield is expected to increase from last year because of an estimated decrease in the share of the area sown to lower-yielding dry land cotton. A notable factor this season is the increase in cotton area in southern New South Wales. Early harvest results indicate irrigated yields are better than expected.

The USDA estimates China's 2018/19 cotton production at 27.5 million bales (5.99 million tonnes), up 1.9pc from December, unchanged from last year, and up 1.9pc from the five-year average. The area of cotton in China is estimated at 3.35 million hectares, unchanged from the previous estimate, but down 1.5pc from last year. Yield is estimated at a record 1.787t/ha, up 1.8pc from the previous estimate and up 1.5pc from last year's record of 1.761t/ha. The projected yield is slightly above the long-term trend due to an increased share of cotton planted in Xinjiang province where yield is nearly twice the national average.

The USDA estimates 2018/19 cotton production in Turkey will be 3.7 million bales, down 0.6 million from December, and down 8pc from last year's record. With harvest wrapping up in December, the harvested area is estimated at 520,000 hectares, unchanged from December, up 11pc from last year and up 30pc from the five-year average. Yield in Turkey is estimated at 1.549t/ha, down 14pc from December.

World trade is increased 600,000 bales as higher imports by China, Turkey, and Pakistan more than offset declines in Vietnam and Bangladesh. Exports rose for Brazil, Benin, and India, but fell for Turkey and Burkina Faso. Lower 2017/18 India mill use is largely responsible for a 600,000-bale increase in world 2018/19 beginning stocks. Projected 2018/19 consumption in India is reduced 500,000 bales since December, and is reduced 1 million bales for China. Global use is reduced 2 million bales, with smaller declines in Vietnam, Turkey, and the United States. World 2018/19 ending stocks are now 2.3 million bales above their previous estimate, with a 2.0-million-bale increase for China.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-19	0.15	20540	20740	20540	20610	1144	-342	9947	-153
Mar-19	0.14	20840	21030	20840	20890	591	-895	3189	-6911

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

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

* Updated at as on 11-Feb- 2019

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	11-Feb-19	09-Feb-19	
Gujarat	Ahmedabad	Shankar-6	5600	5550	50
	Gondal	Shankar-6	5555	5550	5
	Rajkot	B.T. Cotton	5545	5555	-10
	Patan	B.T. Cotton	5560	5535	25
	Kadi	B.T. Cotton	5650	5600	50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5155	5205	-50
Haryana	Bhiwani	B.T. Cotton	5680	5650	30
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5500	5450	50
	Fatehabad	B.T. Cotton	5500	5460	40
	Jind	B.T. Cotton	5600	5540	60
	Uchana	B.T. Cotton	5466	5465	1
	Dabwali	B.T. Cotton	5380	5350	30
Rajasthan	Hanumangarh	B.T. Cotton	5520	5480	40
	Rawatsar	B.T. Cotton	5560	5460	100
Madhya Pradesh	Khandwa	Mech-1	Closed	5497	-
	Khargaon	Mech-1	5425	5405	20
Maharashtra	Amravati	Mech-1	5400	5375	25
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	5100	-
	Hathras	Desi	NA	4700	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	5679	NA	-
	Hubli	D.C.H.	NA	NA	-

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5350	5350	Unch
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	11-Feb-19	09-Feb-19	
Punjab	Bhatinda	J-34	4390	4390	Unch
	Abohar	J-34	4415	4405	10
	Mansa	J-34	4380	4375	5
Haryana	Sirsa	J-34	4347	#N/A	-
Rajasthan	Sri-Ganganagar	J-34	4136	4089	47

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	11-Feb-19	09-Feb-19	
Gujarat	Ahmedabad	Shankar-6	51000	59500	-8500
	Gondal	Shankar-6	1186	662	524
	Rajkot	B.T. Cotton	2425	2150	275
	Patan	B.T. Cotton	2718	3126	-408
	Kadi	B.T. Cotton	30000	20000	10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	197	137	60
Haryana	Bhiwani	B.T. Cotton	1000	#N/A	-
	Bhiwani	Desi	NA	#N/A	-
	Adampur	B.T. Cotton	510	#N/A	-
	Fatehabad	B.T. Cotton	400	#N/A	-
	Jind	B.T. Cotton	451	#N/A	-
	Uchana	B.T. Cotton	5258	#N/A	-
	Dabwali	B.T. Cotton	550	#N/A	-
Rajasthan	Hanumangarh	B.T. Cotton	1800	1200	600
	Rawatsar	B.T. Cotton	2000	2000	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	1936	-
	Khargaon	Mech-1	1010	2370	-1360
Maharashtra	Amravati	Mech-1	14000	13000	1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	50	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	1397	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	637	397	240
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	11-Feb-19	09-Feb-19	
Punjab	Bhatinda	J-34	6800	5100	1700
	Abohar	J-34	850	850	Unch
	Mansa	J-34	765	850	-85
Haryana	Sirsa	J-34	1360	1020	340
Rajasthan	Sri-Ganganagar	J-34	2500	2500	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	11-Feb-19	09-Feb-19	
Gujarat	Rajkot	Rs. /10 Kg.	745	748	-3
Delhi	New Delhi	Rs. /10 Kg.	740	740	Unch
Telangana	Hyderabad	Rs. /10 Kg.	725	730	-5
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	11-Feb-19	09-Feb-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2014	1987	27
Maharashtra	Akola	Rs./Qtl	1999	1979	20

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				09-Feb-19	08-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	40600	40700	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	42200	42200	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43300	43300	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44500	44500	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	50000	50000	Unch

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	11-Feb-19	09-Feb-19	Change
CCIndex(328)	RMB/Ton	15503	NR	-
CCIndex(527)	RMB/Ton	14715	NR	-
CCIndex(229)	RMB/Ton	16309	NR	-
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	11-Feb-19	09-Feb-19	Change
FC Index (S)	Cents/lb	87.25	NR	-
FC Index (M)	Cents/lb	82.95	NR	-
FC Index (L)	Cents/lb	80.28	NR	-

Cotlook Index:

Cotlook Indices	Unit	09-Feb-19	08-Feb-19	Change
A-Index	Cents/Pound	0	82.05	-82.05

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		09-Feb-19	08-Feb-19	Bales
Southeast	cents/lb.	NR	72.3	0
North Delta	cents/lb.	NR	71.05	0
South Delta	cents/lb.	NR	71.05	0
East TX-OK	cents/lb.	NR	69.8	1080
West Texas	cents/lb.	NR	70.05	4494
Desert SW	cents/lb.	NR	70.3	1500
SJ Valley	cents/lb.	NR	75.45	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 February 08, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-19	190208	72.66	73.01	72.45	72.55	-0.26	20,600	95,111	-5,781
May-19	190208	73.92	74.09	73.6	73.69	-0.23	18,435	71,660	7,135
Jul-19	190208	75.27	75.46	74.92	75.01	-0.3	7,424	35,919	1,164
Oct-19	190208	74.89	74.89	74.31	74.31	-0.3	0	10	0
Dec-19	190208	74.51	74.55	73.83	73.93	-0.6	4,219	38,308	255
Mar-20	190208	75.86	75.92	75.24	75.24	-0.7	1,220	6,641	756
Total Volume and Open Interest							51,898	2,49,246	3,529

Pakistan Cotton Spot rates: As on 09-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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