

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 Cotlook A Index was down 25 points on February 11 to 81.80 cents/lb. The USDA Adjusted World Price is 64.61 cents/lb through Thursday .Mar 19 Cotton closed at 69.780, down 77 points,May 19 Cotton closed at 71.110, down 65 pointsJul 19 Cotton closed at 72.440, down 69 points

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	-0.49	20200	20220	20070	20160	2025	-72	9594	-234
Mar-19	-0.44	20450	20490	20200	20450	1564	715	4319	577

Spread	Feb-19		-	-	--	--
Spot	-270		-	-	-	-
Mar-19			-	-	-	-

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

* Updated at as on 13-Feb- 2019

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	13-Feb-19	12-Feb-19	
Gujarat	Ahmedabad	Shankar-6	5500	5600	-100
	Gondal	Shankar-6	5535	5545	-10
	Rajkot	B.T. Cotton	5610	5555	55
	Patan	B.T. Cotton	5520	5590	-70
	Kadi	B.T. Cotton	5500	5550	-50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5105	5180	-75
Haryana	Bhiwani	B.T. Cotton	5650	5670	-20
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5470	5480	-10
	Fatehabad	B.T. Cotton	5460	5450	10
	Jind	B.T. Cotton	5700	5694	6
	Uchana	B.T. Cotton	5449	5466	-17
	Dabwali	B.T. Cotton	5330	5370	-40
Rajasthan	Hanumangarh	B.T. Cotton	5480	5500	-20
	Rawatsar	B.T. Cotton	5500	5485	15
Madhya Pradesh	Khandwa	Mech-1	5569	5590	-21
	Khargaon	Mech-1	5445	5440	5
Maharashtra	Amravati	Mech-1	5450	5425	25
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-

Telangana	Adilabad	Un-Ginned	5115	NR	-
Karnataka	Bijapur	Bunny	5671	5661	10
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5350	5400	-50
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	13-Feb-19	12-Feb-19	
Punjab	Bhatinda	J-34	4370	4420	-50
	Abohar	J-34	4375	4455	-80
	Mansa	J-34	4340	4410	-70
Haryana	Sirsa	J-34	#N/A	#N/A	-
Rajasthan	Sri-Ganganagar	J-34	4052	4183	-131

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	13-Feb-19	12-Feb-19	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	1232	1210	22
	Rajkot	B.T. Cotton	2225	3150	-925
	Patan	B.T. Cotton	2863	3172	-309
	Kadi	B.T. Cotton	30000	20000	10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	181	212	-31
Haryana	Bhiwani	B.T. Cotton	1300	1000	300
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	510	595	-85
	Fatehabad	B.T. Cotton	300	400	-100
	Jind	B.T. Cotton	850	850	Unch
	Uchana	B.T. Cotton	5055	4662	393
	Dabwali	B.T. Cotton	225	250	-25
Rajasthan	Hanumangarh	B.T. Cotton	1500	1500	Unch
	Rawatsar	B.T. Cotton	2000	3000	-1000
Madhya Pradesh	Khandwa	Mech-1	1216	1504	-288
	Khargaon	Mech-1	1670	2200	-530
Maharashtra	Amravati	Mech-1	13000	13000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-

Telangana	Adilabad	Un-Ginned	3532	6881	-3349
Karnataka	Bijapur	Bunny	1339	1758	-419
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	262	307	-45
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	13-Feb-19	12-Feb-19	
Punjab	Bhatinda	J-34	5100	5950	-850
	Abohar	J-34	850	850	Unch
	Mansa	J-34	680	850	-170
Haryana	Sirsa	J-34	850	1020	-170
Rajasthan	Sri-Ganganagar	J-34	1500	2500	-1000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	13-Feb-19	12-Feb-19	
Gujarat	Rajkot	Rs. /10 Kg.	735	745	-10
Delhi	New Delhi	Rs. /10 Kg.	740	745	-5
Telangana	Hyderabad	Rs. /10 Kg.	715	725	-10
Maharashtra	Mumbai	Rs. /10 Kg.	758	758	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	13-Feb-19	12-Feb-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2017	2010	7
Maharashtra	Akola	Rs./Qtl	2010	2000	10

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				12-Feb-19	10-Feb-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40100	40400	-300
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40600	40900	-300
J-34(202)	26mm	3.5 - 4.9	23	41300	41200	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40300	40600	-300
Shankar-6(105)	29mm	3.5 - 4.9	28	41900	42200	-300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43000	43300	-300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44200	44500	-300

DCH-32(107)	34mm	3.0 - 3.8	33	49700	50000	-300
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INTERNATIONAL PRICES AND INDICES**China Cotton Index:**

Index	Unit	13-Feb-19	12-Feb-19	Change
CCIndex(328)	RMB/Ton	15501	15502	-1
CCIndex(527)	RMB/Ton	14552	14552	Unch
CCIndex(229)	RMB/Ton	15979	15978	1
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	13-Feb-19	12-Feb-19	Change
FC Index (S)	Cents/lb	85	85.7	-0.70
FC Index (M)	Cents/lb	80.42	81.13	-0.71
FC Index (L)	Cents/lb	77.89	78.53	-0.64

Cotlook Index:

Cotlook Indices	Unit	12-Feb-19	10-Feb-19	Change
A-Index	Cents/Pound	79.9	#N/A	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		12-Feb-19	12-Feb-19	Bales
Southeast	cents/lb.	67.28	69.53	0
North Delta	cents/lb.	66.53	68.28	0
South Delta	cents/lb.	66.53	68.28	0
East TX-OK	cents/lb.	64.53	67.03	2710
West Texas	cents/lb.	64.53	67.28	1426
Desert SW	cents/lb.	63.28	67.53	160
SJ Valley	cents/lb.	63.78	72.68	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 12-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

Daily Futures Price Listing Tue February 12, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-19	190212	70.62	70.93	69.72	69.78	-0.77	22,138	71,701	-14,143
May-19	190212	71.76	72.12	71.01	71.11	-0.65	15,696	87,352	4,976
Jul-19	190212	73.18	73.46	72.33	72.44	-0.69	5,043	36,645	-646
Oct-19	190212	72.6	72.6	72.6	72.6	-0.35	1	11	-1
Dec-19	190212	72.89	73.25	72.25	72.37	-0.33	4,055	40,395	800
Mar-20	190212	74.13	74.17	73.45	73.52	-0.42	261	7,644	-3
Total Volume and Open Interest							47,197	2,45,353	-9,015

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