

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:

Domestic cotton prices have been weaker tracking bearish cues from overseas market and supply pressure across major trading centers. All India cotton arrivals registered around 160'000 bales (each bale 170 kg) lint equivalent on an average per day basis, during the week.

The ongoing trade tensions between the US and China is creating uncertainty in the global cotton market, affecting the economy. Based on the positive statements from the recent negotiations, National Cotton Council (NCC) assumes that the additional tariffs being imposed by the 2 countries will be removed in advance of the 2019 marketing year.

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:

Moderate to heavy rain and snow is expected over Jammu and Kashmir, whereas light to moderate rain and thundershowers might be witnessed over East Rajasthan, Southwest Uttar Pradesh and North Madhya Pradesh. Isolated rain activities can also be seen over Punjab, Haryana and Delhi. The minimums are expected to increase further over Haryana, Delhi, Rajasthan, Gujarat and Madhya Pradesh. The pollution levels will continue to hover in poor to very poor zone until tonight and once the rains commence in Delhi, the situation is expected to improve then.

International Fundamentals:

ICE cotton futures rose on Thursday, supported by a weaker dollar and gains in oil prices, while investors awaited the outcome of U.S.-China trade talks. The most active cotton contract on ICE Futures U.S., the March contract, settled up 0.27 cent, or 0.39 percent, at 70.13 cents per lb. The contract traded within a range of 69.53 and 70.39 cents a lb.

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	-0.1	20200	20280	20090	-50	1023	-657	8814	-374
Mar-19	-0.2	20510	20570	20360	20410	786	-444	5342	326

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

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

* Updated at as on 15-Feb- 2019 @5pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	15-Feb-19	14-Feb-19	
Gujarat	Ahmedabad	Shankar-6	5500	5550	-50
	Gondal	Shankar-6	5555	5550	5
	Rajkot	B.T. Cotton	5625	5625	Unch
	Patan	B.T. Cotton	5555	5530	25
	Kadi	B.T. Cotton	5500	5500	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5150	5055	95
Haryana	Bhiwani	B.T. Cotton	5680	5650	30
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5500	5460	40
	Fatehabad	B.T. Cotton	5480	5460	20
	Jind	B.T. Cotton	5650	NA	-
	Uchana	B.T. Cotton	5440	5450	-10
	Dabwali	B.T. Cotton	5335	5350	-15
Rajasthan	Hanumangarh	B.T. Cotton	5480	5480	Unch
	Rawatsar	B.T. Cotton	5500	5500	Unch
Madhya Pradesh	Khandwa	Mech-1	5520	5500	20
	Khargaon	Mech-1	5425	5445	-20
Maharashtra	Amravati	Mech-1	5425	5425	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-

	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5450	5118	332
Karnataka	Bijapur	Bunny	5671	5669	2
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5300	5300	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	15-Feb-19	14-Feb-19	
Punjab	Bhatinda	J-34	4400	4380	20
	Abohar	J-34	4405	4390	15
	Mansa	J-34	4370	4360	10
Haryana	Sirsa	J-34	#N/A	#N/A	-
Rajasthan	Sri-Ganganagar	J-34	4089	4052	37

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	15-Feb-19	14-Feb-19	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	1111	772	339
	Rajkot	B.T. Cotton	2055	2055	Unch
	Patan	B.T. Cotton	2040	2423	-383
	Kadi	B.T. Cotton	30000	30000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	157	185	-28
Haryana	Bhiwani	B.T. Cotton	800	900	-100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	340	425	-85
	Fatehabad	B.T. Cotton	150	300	-150
	Jind	B.T. Cotton	680	NA	-
	Uchana	B.T. Cotton	1250	2870	-1620
	Dabwali	B.T. Cotton	400	50	350
Rajasthan	Hanumangarh	B.T. Cotton	1300	1300	Unch
	Rawatsar	B.T. Cotton	1500	2000	-500
Madhya Pradesh	Khandwa	Mech-1	1712	1632	80
	Khargaon	Mech-1	1170	1690	-520
Maharashtra	Amravati	Mech-1	14000	14000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-

Telangana	Adilabad	Un-Ginned	11370	12430	-1060
Karnataka	Bijapur	Bunny	1112	1285	-173
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	232	300	-68
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	15-Feb-19	14-Feb-19	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	510	680	-170
	Mansa	J-34	510	340	170
Haryana	Sirsa	J-34	680	340	340
Rajasthan	Sri-Ganganagar	J-34	1200	2000	-800

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	15-Feb-19	14-Feb-19	
Gujarat	Rajkot	Rs. /10 Kg.	743	735	8
Delhi	New Delhi	Rs. /10 Kg.	740	743	-3
Telangana	Hyderabad	Rs. /10 Kg.	715	715	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	752	755	-3

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	15-Feb-19	14-Feb-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2017	2017	Unch
Maharashtra	Akola	Rs./Qtl	2014	2006	8

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				14-Feb-19	12-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	41700	42200	-500
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	51700	50000	1700
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INTERNATIONAL PRICES AND INDICES**China Cotton Index:**

Index	Unit	15-Feb-19	14-Feb-19	Change
CCIndex(328)	RMB/Ton	15489	15499	-10
CCIndex(527)	RMB/Ton	14542	14553	-11
CCIndex(229)	RMB/Ton	15976	15980	-4

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

China Foreign Cotton (FCE) Index :

Index	Unit	15-Feb-19	14-Feb-19	Change
FC Index (S)	Cents/lb	85.51	85.22	0.29
FC Index (M)	Cents/lb	80.85	80.64	0.21
FC Index (L)	Cents/lb	78.44	78.1	0.34

Cotlook Index:

Cotlook Indices	Unit	14-Feb-19	12-Feb-19	Change
A-Index	Cents/Pound	79.65	79.9	-0.25

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		14-Feb-19	14-Feb-19	Bales
Southeast	cents/lb.	68.46	70.71	625
North Delta	cents/lb.	67.21	68.96	80
South Delta	cents/lb.	67.21	68.96	0
East TX-OK	cents/lb.	65.21	67.71	1941
West Texas	cents/lb.	65.21	67.96	2430
Desert SW	cents/lb.	64.21	68.46	1200
SJ Valley	cents/lb.	64.71	73.61	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 14-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 Thu February 14, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-19	190214	69.96	70.39	69.53	70.13	0.27	22,365	49,475	-10,871
May-19	190214	71.26	71.95	71.15	71.71	0.31	26,838	1,05,579	7,723
Jul-19	190214	72.87	73.29	72.49	73.07	0.33	9,437	36,437	-119
Oct-19	190214	73.11	73.11	73.11	73.11	0.3	1	10	0
Dec-19	190214	72.57	73	72.25	72.71	0.09	6,096	41,189	303
Mar-20	190214	73.92	74.1	73.5	73.9	0.12	198	7,622	-10
Total Volume and Open Interest							64,960	2,41,956	-2,970

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