

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:

Scattered light rain and snow will be seen over Jammu and Kashmir. Light to moderate rain with one or two heavy spells is a possibility over Himachal Pradesh and Uttarakhand. Scattered rain and thundershower activities would continue over the foothills of Punjab, Haryana, East Uttar Pradesh, Bihar, parts of Sub- Himalayan West Bengal and Sikkim, East Madhya Pradesh and Chhattisgarh. Isolated rains are a possibility over Odisha. Scattered light to moderate rain and thundershower activities will be seen over Arunachal Pradesh, Assam, Nagaland and Meghalaya. Day temperatures might increase marginally over Jammu and Kashmir, Punjab, Haryana, Delhi and West Uttar Pradesh.

International Fundamentals:

ICE cotton futures were little changed on Friday ahead of a three-day long U.S. holiday weekend, as traders kept a close watch on the progress in U.S.-China trade talks. The most active cotton contract on ICE Futures U.S., the March contract, settled up 0.09 cent, or 0.13 percent, at 70.22 cents per 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	20130	1023	-657	8814	-374
Mar-19	-0.2	20510	20570	20360	20420	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	16-Feb-19	15-Feb-19	
Gujarat	Ahmedabad	Shankar-6	5500	5500	Unch
	Gondal	Shankar-6	5550	5555	-5
	Rajkot	B.T. Cotton	5580	5625	-45
	Patan	B.T. Cotton	5540	5555	-15
	Kadi	B.T. Cotton	5500	5500	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	5150	-
Haryana	Bhiwani	B.T. Cotton	5680	5680	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5500	5500	Unch
	Fatehabad	B.T. Cotton	5460	5480	-20
	Jind	B.T. Cotton	5600	5650	-50
	Uchana	B.T. Cotton	5440	5440	Unch
	Dabwali	B.T. Cotton	5300	5335	-35
Rajasthan	Hanumangarh	B.T. Cotton	5480	5480	Unch
	Rawatsar	B.T. Cotton	5500	5500	Unch
Madhya Pradesh	Khandwa	Mech-1	5520	5520	Unch
	Khargaon	Mech-1	5445	5425	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	5450	Unch
Karnataka	Bijapur	Bunny	NA	5671	-
	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	16-Feb-19	15-Feb-19	
Punjab	Bhatinda	J-34	4410	4400	10
	Abohar	J-34	4415	4405	10
	Mansa	J-34	4385	4370	15
Haryana	Sirsa	J-34	#N/A	#N/A	-
Rajasthan	Sri-Ganganagar	J-34	4108	4089	19

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	16-Feb-19	15-Feb-19	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	990	1111	-121
	Rajkot	B.T. Cotton	2425	2020	405
	Patan	B.T. Cotton	1360	2040	-680
	Kadi	B.T. Cotton	30000	30000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	157	-
Haryana	Bhiwani	B.T. Cotton	1500	800	700
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	510	340	170
	Fatehabad	B.T. Cotton	100	150	-50
	Jind	B.T. Cotton	510	680	-170
	Uchana	B.T. Cotton	1250	1250	Unch
	Dabwali	B.T. Cotton	300	400	-100
Rajasthan	Hanumangarh	B.T. Cotton	1300	1300	Unch
	Rawatsar	B.T. Cotton	1500	1500	Unch
Madhya Pradesh	Khandwa	Mech-1	1312	1712	-400
	Khargaon	Mech-1	1600	1170	430
Maharashtra	Amravati	Mech-1	13000	14000	-1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-

	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	10530	11370	-840
Karnataka	Bijapur	Bunny	NA	1112	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	300	232	68
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	16-Feb-19	15-Feb-19	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	850	510	340
	Mansa	J-34	680	510	170
Haryana	Sirsa	J-34	340	680	-340
Rajasthan	Sri-Ganganagar	J-34	2000	1200	800

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	16-Feb-19	15-Feb-19	
Gujarat	Rajkot	Rs. /10 Kg.	740	743	-3
Delhi	New Delhi	Rs. /10 Kg.	740	740	Unch
Telangana	Hyderabad	Rs. /10 Kg.	715	715	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	752	752	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	16-Feb-19	15-Feb-19	
Gujarat	Maheana (Kadi)	Rs./Qtl	2014	2017	-3
Maharashtra	Akola	Rs./Qtl	2014	2014	Unch

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				15-Feb-19	13-Feb-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40200	40400	-200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40700	40900	-200
J-34(202)	26mm	3.5 - 4.9	23	41400	41200	200
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	52000	50000	2000
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INTERNATIONAL PRICES AND INDICES**China Cotton Index:**

Index	Unit	16-Feb-19	15-Feb-19	Change
CCIndex(328)	RMB/Ton	Closed	15489	-
CCIndex(527)	RMB/Ton	Closed	14542	-
CCIndex(229)	RMB/Ton	Closed	15976	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	16-Feb-19	15-Feb-19	Change
FC Index (S)	Cents/lb	Closed	85.51	-
FC Index (M)	Cents/lb	Closed	80.85	-
FC Index (L)	Cents/lb	Closed	78.44	-

Cotlook Index:

Cotlook Indices	Unit	15-Feb-19	13-Feb-19	Change
A-Index	Cents/Pound	79.65	79.4	0.25

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		15-Feb-19	15-Feb-19	Bales
Southeast	cents/lb.	68.61	70.86	0
North Delta	cents/lb.	67.36	69.11	0
South Delta	cents/lb.	67.36	69.11	0
East TX-OK	cents/lb.	65.36	67.86	2499
West Texas	cents/lb.	65.36	68.11	3301
Desert SW	cents/lb.	64.36	68.61	544
SJ Valley	cents/lb.	64.86	73.76	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 15, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-19	190215	70.28	70.5	69.71	70.22	0.09	20,329	37,458	-12,017
May-19	190215	71.52	72.07	71.29	71.86	0.15	27,258	1,13,555	7,976
Jul-19	190215	73.37	73.43	72.68	73.24	0.17	8,120	38,155	1,718
Oct-19	190215	73.23	73.23	73.23	73.23	0.12	0	10	0
Dec-19	190215	72.62	72.93	72.27	72.8	0.09	4,477	42,949	1,760
Mar-20	190215	73.5	74	73.5	74	0.1	182	7,671	49
Total Volume and Open Interest							60,399	2,41,475	-481

Pakistan Cotton Spot rates: As on 15-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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