

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:

CCI procured about 7 lakh bales of cotton mostly from Telangana (80-85%) as prices slipped below MSP. Of the total quantity of 70k bales have been procured in Maharashtra while another 35k to 40k bales have been bought in Madhya Pradesh.

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 ginneries 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 will occur over Jammu and Kashmir, Himachal Pradesh and Uttarakhand. Hailstorm may also occur over plains of these states. Light rain and thundershowers with isolated hailstorm are likely over Punjab, North Haryana, West Uttar Pradesh and northeastern states. Andhra Pradesh and Tamil Nadu may also witness light rain and thundershower activities. Light to moderate fog will continue during early morning hours in pockets of Punjab, Haryana, Delhi, North Rajasthan, Uttar Pradesh, Bihar, North Jharkhand and Sub-Himalayan West Bengal.

International Fundamentals:

The ongoing trade tensions between the US and China is creating uncertainty in the global cotton market, affecting the economy. ICE futures US have touched their lowest levels in more than a year at 69.68 cents per pound on last week. Cotton futures are down about 14% since the 11 June, at just before China rolled out most of its tariffs on American crops. Prices fell even as India and US production disappointed.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-19	-0.05	20260	20260	19980	20120	1553	530	8024	-790
Mar-19	-0.1	20500	20500	20260	20400	1202	416	5915	573

Spread	Feb-19		-	-	--	--
Spot	-240		-	-	-	-
Mar-19			-	-	-	-

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

* Updated at as on 18-Feb- 2019 @5pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	18-Feb-19	16-Feb-19	
Gujarat	Ahmedabad	Shankar-6	5500	5500	Unch
	Gondal	Shankar-6	5545	5550	-5
	Rajkot	B.T. Cotton	5575	5580	-5
	Patan	B.T. Cotton	5480	5540	-60
	Kadi	B.T. Cotton	5500	5500	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5195	NA	-
Haryana	Bhiwani	B.T. Cotton	5650	5680	-30
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5475	5500	-25
	Fatehabad	B.T. Cotton	5440	5460	-20
	Jind	B.T. Cotton	5620	5600	20
	Uchana	B.T. Cotton	NA	5440	-
	Dabwali	B.T. Cotton	5330	5300	30
Rajasthan	Hanumangarh	B.T. Cotton	5500	5480	20
	Rawatsar	B.T. Cotton	5470	5500	-30
Madhya Pradesh	Khandwa	Mech-1	5520	5520	Unch
	Khargaon	Mech-1	5450	5445	5
Maharashtra	Amravati	Mech-1	5435	5425	10
	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	5659	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5400	5300	100
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	18-Feb-19	16-Feb-19	
Punjab	Bhatinda	J-34	4400	4410	-10
	Abohar	J-34	4410	4415	-5
	Mansa	J-34	4375	4385	-10
Haryana	Sirsa	J-34	#N/A	#N/A	-
Rajasthan	Sri-Ganganagar	J-34	4136	4108	28

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	18-Feb-19	16-Feb-19	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	935	990	-55
	Rajkot	B.T. Cotton	2400	2425	-25
	Patan	B.T. Cotton	1440	1360	80
	Kadi	B.T. Cotton	20000	30000	-10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	84	NA	-
Haryana	Bhiwani	B.T. Cotton	800	1500	-700
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	595	510	85
	Fatehabad	B.T. Cotton	500	100	400
	Jind	B.T. Cotton	1445	510	935
	Uchana	B.T. Cotton	NA	1250	-
	Dabwali	B.T. Cotton	150	300	-150
Rajasthan	Hanumangarh	B.T. Cotton	1000	1300	-300
	Rawatsar	B.T. Cotton	1000	1500	-500
Madhya Pradesh	Khandwa	Mech-1	1312	1312	Unch
	Khargaon	Mech-1	1200	1600	-400
Maharashtra	Amravati	Mech-1	15000	13000	2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	73210	10530	62680

Karnataka	Bijapur	Bunny	1792	893	899
	Hubli	D.C.H.	NA	15	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	262	300	-38
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	18-Feb-19	16-Feb-19	
Punjab	Bhatinda	J-34	6800	5100	1700
	Abohar	J-34	510	850	-340
	Mansa	J-34	595	680	-85
Haryana	Sirsa	J-34	680	340	340
Rajasthan	Sri-Ganganagar	J-34	1500	2000	-500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	18-Feb-19	16-Feb-19	
Gujarat	Rajkot	Rs. /10 Kg.	740	740	Unch
Delhi	New Delhi	Rs. /10 Kg.	740	740	Unch
Telangana	Hyderabad	Rs. /10 Kg.	715	715	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	755	752	3

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	18-Feb-19	16-Feb-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1992	2014	-22
Maharashtra	Akola	Rs./Qtl	1992	2014	-22

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				16-Feb-19	15-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	52100	50000	2100

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	18-Feb-19	16-Feb-19	Change
CCIndex(328)	RMB/Ton	15489	Closed	-
CCIndex(527)	RMB/Ton	14542	Closed	-
CCIndex(229)	RMB/Ton	15976	Closed	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	18-Feb-19	16-Feb-19	Change
FC Index (S)	Cents/lb	85.51	Closed	-
FC Index (M)	Cents/lb	80.85	Closed	-
FC Index (L)	Cents/lb	78.44	Closed	-

Cotlook Index:

Cotlook Indices	Unit	16-Feb-19	15-Feb-19	Change
A-Index	Cents/Pound	Closed	79.95	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		16-Feb-19	15-Feb-19	Bales
Southeast	cents/lb.	Closed	70.86	0
North Delta	cents/lb.	Closed	69.11	0
South Delta	cents/lb.	Closed	69.11	0
East TX-OK	cents/lb.	Closed	67.86	2499
West Texas	cents/lb.	Closed	68.11	3301
Desert SW	cents/lb.	Closed	68.61	544
SJ Valley	cents/lb.	Closed	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 16-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

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2019 Indian Agribusiness Systems Pvt. Ltd.