

Domestic Fundamentals:**Market Outlook:**

MCX Feb contract on Wednesday closed down by-30 (+0.15%) as compared to previous day. 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 procurement by the Cotton Corporation of India (CCI) has crossed 8.5 lakh bales in the ongoing 2018-19 cotton season as prices remained below the minimum support prices (MSP) due to weak global prices and low exports. The Corporation expects procurement to touch 15 lakh bales by the end of the season. A majority of the stock had been procured from Telangana and Maharashtra where farmers are now coming forward to sell to the CCI instead of approaching traders.

For the current year sharp 26% hike in minimum support price for cotton in the ongoing season hitting the textile industry to some extent, traders and government agencies have recommended a further 10-15% increase in support price for 2019-20 (Oct-Sep), to ensure farmers don't shift to other crops. The Cotton Association of India has recommended a 10% increase in support price for 2019-20. However, the association has also urged a strong linkage of price with quality, and called for stricter implementation of quality parameters during intervention programmes. Currently the S&D of this high value crop is fairly balanced, so market can absorb higher production as Agriwatch recommending a decent hike on current year MSP so, that farmers cannot shift to other crops.

The Cotton Association of India has pegged India's exports of the commodity in Oct-Jan at 2.4 mln bales (1 bale = 170 kg), around 25% lower on year. The association attributed the decline to higher domestic prices. Higher prices in domestic markets during Nov-Dec made overseas sales economically unviable. Despite arrivals being at their peak, domestic prices of cotton were high in Nov-Dec. This was because farmers hoarded the produce, expecting a spike in prices due to lower output estimates for the current season.

In Rajkot, Gujarat, the Shankar-6 variety was traded in the range of 44,000-46,000 rupees per candy (1 candy = 356 kg) in Nov-Dec. According to trade officials, India exported 2.7-2.8 mln bales of cotton during Oct-Jan. The demand, was mainly from Bangladesh. Vietnam, Bangladesh, Pakistan, and China are the top cotton importers in the world.

Weather Forecast for tomorrow:

Moderate to heavy rain and snow with few very heavy spells are expected Jammu and Kashmir, Himachal Pradesh and Uttarakhand. Rain and thundershowers with isolated hailstorm and strong gusty winds are likely over Rajasthan, Punjab, Haryana, Delhi and West Uttar Pradesh. Light rain and thundershowers may occur over some parts of Northeast India, Vidarbha, Marathwada and Tamil Nadu.

International Fundamentals:

The cotton production in Pakistan up to Feb 15 stood short by 6.83 per cent at 10.7 million bales over the corresponding period last year. This is the seventh consecutive year the country is faced with a short crop of around 4.8m bales from a record production of around 15m bales achieved in 2011-12. According to trade sources, in order to meet the shortfall, textile spinners are likely to import up to 3.5m to 4m bales, burdening foreign exchange reserves by around \$1 to \$1.2 billion. Cotton export is unaffected so far and we don't expect Pakistan to pose hurdles as their cotton industry requires raw material from India. India is the most accessible and price-lucrative market for them, Atul Ganatra, president of the Cotton Association of India.

The US net sales of 299,800 RB for 2018/2019 were up 31 percent from the previous week and 52 percent from the prior 4-week average. Increases were reported for Pakistan (130,300 RB), India (50,000 RB), Turkey (37,100 RB), Vietnam (28,000 RB, including 6,100 RB switched from China, 3,200 RB switched from South Korea, 500 RB switched from Japan, and 400 RB switched from Hong Kong), and Malaysia (15,000 RB, including 100 RB switched from Japan). Reductions were reported for South Korea (2,700 RB) and Japan (1,800 RB). For 2019/2020, net sales of 19,400 RB were reported for Bangladesh (15,000 RB) and China (4,400 RB). Exports of 181,100 RB were down 5 percent from the previous week, but up 3 percent from the prior 4-week average.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-19	-0.35	20030	20080	19970	20010	1664	-299	5604	-886
Mar-19	-0.2	20350	20410	20290	20330	1944	-258	8795	2305
Spread	Feb-19			-	-	--	--		
Spot	-330			-	-	-	-		
Mar-19				-	-	-	-		

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

* Updated at as on 21-Feb- 2019 @5pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	21-Feb-19	20-Feb-19	
Gujarat	Ahmedabad	Shankar-6	5550	5550	Unch
	Gondal	Shankar-6	5520	5505	15
	Rajkot	B.T. Cotton	5500	5500	Unch
	Patan	B.T. Cotton	5510	5475	35
	Kadi	B.T. Cotton	5500	5500	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5225	5175	50
Haryana	Bhiwani	B.T. Cotton	5650	5650	Unch
	Bhiwani	Desi	NA	NA	-

	Adampur	B.T. Cotton	5500	5480	20
	Fatehabad	B.T. Cotton	5450	5410	40
	Jind	B.T. Cotton	5615	5600	15
	Uchana	B.T. Cotton	5420	5430	-10
	Dabwali	B.T. Cotton	5370	5350	20
Rajasthan	Hanumangarh	B.T. Cotton	5470	5490	-20
	Rawatsar	B.T. Cotton	5470	5425	45
Madhya Pradesh	Khandwa	Mech-1	5410	5520	-110
	Khargaon	Mech-1	5455	5425	30
Maharashtra	Amravati	Mech-1	5425	5400	25
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5450	NR	-
Karnataka	Bijapur	Bunny	5589	NA	-
	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	21-Feb-19	20-Feb-19	
Punjab	Bhatinda	J-34	4390	4410	-20
	Abohar	J-34	4390	4415	-25
	Mansa	J-34	4365	4385	-20
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	21-Feb-19	20-Feb-19	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	848	1046	-198
	Rajkot	B.T. Cotton	2200	2200	Unch
	Patan	B.T. Cotton	2160	3040	-880
	Kadi	B.T. Cotton	25000	25000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	74	113	-39
Haryana	Bhiwani	B.T. Cotton	1500	500	1000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	510	510	Unch

	Fatehabad	B.T. Cotton	60	400	-340
	Jind	B.T. Cotton	451	551	-100
	Uchana	B.T. Cotton	1190	4035	-2845
	Dabwali	B.T. Cotton	50	80	-30
Rajasthan	Hanumangarh	B.T. Cotton	1000	1500	-500
	Rawatsar	B.T. Cotton	500	100	400
Madhya Pradesh	Khandwa	Mech-1	1808	1310	498
	Khargaon	Mech-1	4010	7500	-3490
Maharashtra	Amravati	Mech-1	14000	13000	1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	84210	NR	-
Karnataka	Bijapur	Bunny	1148	1182	-34
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	307	330	-23
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	21-Feb-19	20-Feb-19	
Punjab	Bhatinda	J-34	3400	4250	-850
	Abohar	J-34	170	510	-340
	Mansa	J-34	850	510	340
Haryana	Sirsa	J-34	170	680	-510
Rajasthan	Sri-Ganganagar	J-34	1000	2000	-1000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	21-Feb-19	20-Feb-19	
Gujarat	Rajkot	Rs. /10 Kg.	740	740	Unch
Delhi	New Delhi	Rs. /10 Kg.	740	740	Unch
Telangana	Hyderabad	Rs. /10 Kg.	725	725	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	21-Feb-19	20-Feb-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1993	1978	15
Maharashtra	Akola	Rs./Qtl	1992	1976	16

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				20-Feb-19	19-Feb-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39500	40400	-900
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40000	40900	-900
J-34(202)	26mm	3.5 - 4.9	23	40800	41200	-400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40000	40600	-600
Shankar-6(105)	29mm	3.5 - 4.9	28	41400	42200	-800
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 INDICES**China Cotton Index:**

Index	Unit	21-Feb-19	20-Feb-19	Change
CCIndex(328)	RMB/Ton	15493	15485	8
CCIndex(527)	RMB/Ton	14537	14535	2
CCIndex(229)	RMB/Ton	15969	15969	Unch

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

China Foreign Cotton (FCE) Index :

Index	Unit	21-Feb-19	20-Feb-19	Change
FC Index (S)	Cents/lb	86.17	86.07	0.10
FC Index (M)	Cents/lb	81.61	81.45	0.16
FC Index (L)	Cents/lb	79.26	78.99	0.27

Cotlook Index:

Cotlook Indices	Unit	20-Feb-19	19-Feb-19	Change
A-Index	Cents/Pound	80.3	80.05	0.25

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		20-Feb-19	19-Feb-19	Bales
Southeast	cents/lb.	68.91	71.19	149
North Delta	cents/lb.	67.66	69.44	0
South Delta	cents/lb.	67.66	69.44	0

East TX-OK	cents/lb.	65.66	68.19	6470
West Texas	cents/lb.	65.66	68.44	9589
Desert SW	cents/lb.	64.66	68.94	0
SJ Valley	cents/lb.	65.16	74.09	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 Wed February 20, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-19	190220	70.3	70.85	70.2	70.28	-0.13	9,790	23,315	-6,885
May-19	190220	72.07	72.67	72	72.16	-0.03	18,522	1,21,014	4,282
Jul-19	190220	73.5	73.93	73.3	73.34	-0.14	5,210	39,993	1,059
Oct-19	190220	73.36	73.36	73.36	73.36	-0.05	1	10	0
Dec-19	190220	72.92	73.35	72.92	73.09	0.22	1,761	43,913	446
Mar-20	190220	74.25	74.5	74.25	74.25	0.23	47	7,676	-10
Total Volume and Open Interest							35,343	2,37,643	-1,108

Pakistan Cotton Spot rates: As on 20-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.