

Domestic Fundamentals:**Market Outlook:**

MCX Feb contract on Friday closed down by-50 (-0.25%) 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:

This week was volatile week and giving some breathing space to bulls. On 21stFeb anticipating good US Export Sales numbers and some positive news from trade negotiation between US and China NY future rose to recent high.

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:

Light to moderate rain and snow with few heavy spells would continue over Jammu and Kashmir, Himachal Pradesh and Uttarakhand. Scattered light to moderate rain and thundershowers with isolated hailstorm are likely over North Punjab, North Haryana, foothills of Uttar Pradesh, Northeast Madhya Pradesh, North Chhattisgarh and adjoining parts of Southeast Uttar Pradesh.

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	1.24	20290	20180	20280	20480	3472	1808	3848	-1756
Mar-19	1.27	20590	20500	20590	20800	5005	3061	10028	1233

Spread	Feb-19		-	-	--	--
Spot	-320		-	-	-	-
Mar-19			-	-	-	-

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

* Updated at as on 22-Feb- 2019

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	23-Feb-19	22-Feb-19	
Gujarat	Ahmedabad	Shankar-6	5550	5500	50
	Gondal	Shankar-6	5525	5530	-5
	Rajkot	B.T. Cotton	5550	5600	-50
	Patan	B.T. Cotton	5510	5550	-40
	Kadi	B.T. Cotton	5550	5600	-50

	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5195	5225	-30
Haryana	Bhiwani	B.T. Cotton	5700	5700	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5480	5520	-40
	Fatehabad	B.T. Cotton	5450	5450	Unch
	Jind	B.T. Cotton	5705	5659	46
	Uchana	B.T. Cotton	5479	5430	49
	Dabwali	B.T. Cotton	5380	5400	-20
Rajasthan	Hanumangarh	B.T. Cotton	NR	5460	-
	Rawatsar	B.T. Cotton	5500	5470	30
Madhya Pradesh	Khandwa	Mech-1	Closed	5420	-
	Khargaon	Mech-1	5465	5455	10
Maharashtra	Amravati	Mech-1	5435	5400	35
	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	5615	5619	-4
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5400	5400	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	23-Feb-19	22-Feb-19	
Punjab	Bhatinda	J-34	4400	4410	-10
	Abohar	J-34	4400	4415	-15
	Mansa	J-34	4370	4385	-15
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	23-Feb-19	22-Feb-19	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	756	649	107
	Rajkot	B.T. Cotton	1900	2220	-320
	Patan	B.T. Cotton	2125	2335	-210
	Kadi	B.T. Cotton	25000	25000	Unch
	Deesa	B.T. Cotton	NA	NA	-

	Dhrol	B.T. Cotton	62	100	-38
Haryana	Bhiwani	B.T. Cotton	1000	2000	-1000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	510	425	85
	Fatehabad	B.T. Cotton	250	125	125
	Jind	B.T. Cotton	551	451	100
	Uchana	B.T. Cotton	1575	930	645
	Dabwali	B.T. Cotton	100	70	30
Rajasthan	Hanumangarh	B.T. Cotton	NR	800	-
	Rawatsar	B.T. Cotton	1000	1000	Unch
Madhya Pradesh	Khandwa	Mech-1	Closed	1120	-
	Khargaon	Mech-1	3890	2970	920
Maharashtra	Amravati	Mech-1	12000	14000	-2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	87540	77720	9820
Karnataka	Bijapur	Bunny	709	1453	-744
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	255	262	-7
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	23-Feb-19	22-Feb-19	
Punjab	Bhatinda	J-34	5100	4250	850
	Abohar	J-34	680	340	340
	Mansa	J-34	680	510	170
Haryana	Sirsa	J-34	1190	510	680
Rajasthan	Sri-Ganganagar	J-34	2000	1000	1000

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	23-Feb-19	22-Feb-19	
Gujarat	Rajkot	Rs. /10 Kg.	740	740	Unch
Delhi	New Delhi	Rs. /10 Kg.	742	742	Unch
Telangana	Hyderabad	Rs. /10 Kg.	720	720	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	750	750	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake	Price	Change
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State	Centre	Unit	23-Feb-19	22-Feb-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2000	1999	1
Maharashtra	Akola	Rs./Qtl	2000	1998	2

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				22-Feb-19	21-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	41100	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	43200	43300	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44400	44500	-100
DCH-32(107)	34mm	3.0 - 3.8	33	52100	50000	2100

INTERNATIONAL PRICES AND INDICES**China Cotton Index:**

Index	Unit	23-Feb-19	22-Feb-19	Change
CCIndex(328)	RMB/Ton	Closed	15501	-
CCIndex(527)	RMB/Ton	Closed	14553	-
CCIndex(229)	RMB/Ton	Closed	15979	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	23-Feb-19	22-Feb-19	Change
FC Index (S)	Cents/lb	Closed	88.02	-
FC Index (M)	Cents/lb	Closed	83.37	-
FC Index (L)	Cents/lb	Closed	81.26	-

Cotlook Index:

Cotlook Indices	Unit	22-Feb-19	21-Feb-19	Change
A-Index	Cents/Pound	Closed	80.3	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
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		22-Feb-19	21-Feb-19	Bales
Southeast	cents/lb.	Closed	73.01	882
North Delta	cents/lb.	Closed	71.26	0
South Delta	cents/lb.	Closed	71.26	0
East TX-OK	cents/lb.	Closed	70.01	10825
West Texas	cents/lb.	Closed	70.26	15066
Desert SW	cents/lb.	Closed	70.51	2000
SJ Valley	cents/lb.	Closed	75.91	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 22, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-19	190222	72.42	72.99	71	71.84	-0.35	8,618	4,926	-8,700
May-19	190222	74.07	75.16	71.85	73.01	-1	18,517	1,23,174	192
Jul-19	190222	75.06	76.09	73.1	74.17	-0.82	4,169	40,950	1,012
Oct-19	190222	75.25	75.25	73.35	73.84	-0.61	0	10	0
Dec-19	190222	73.94	74.67	72.53	73.51	-0.43	2,041	45,311	865
Mar-20	190222	75.5	75.61	73	74.64	-0.33	87	7,702	13
Total Volume and Open Interest							33,434	2,23,795	-6,618

Pakistan Cotton Spot rates: As on 22-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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