

Domestic Fundamentals:

Market Outlook:

Indian physical market remained mixed trend on Monday. Gujarat Shankar 6 Price remained in small range but Maharashtra is facing more selling pressure. 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 offtake by exporters or by domestic industry. This may occur gradually over the next few months

News:

Indian arrivals are slow. CCI was procuring big quantities from Telangana and Maharashtra at MSP. Total CCI procurement Crossed 8.5 lakh bales, overall supply is limited so there is no big pressure. CCI expects procurement to reach 1.50 million bales by the end of the current season.

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 thundershower with strong winds at many places will occur over Gangetic West Bengal, while Jharkhand, Odisha and northeastern states will receive light to moderate rain and thundershower with gusty winds at many places. Light rain and snow may occur at some places over Jammu and Kashmir, Himachal Pradesh and Uttarakhand, while isolated places of Punjab, West Rajasthan, North Chhattisgarh, East Uttar Pradesh and Bihar will experience light rain and thundershower. Moderate fog is expected over Coastal Odisha and in pockets of northeastern states.

International Fundamentals:

Cotlook A index remained weak during the week. The Cotlook A Index was UNCH on February 21 to 80.30 cents/lb. The USDA Adjusted World Price was updated to 61.80 cents/lb on Thursday, down 47 points from the previous week.

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	0.79	20230	20340	20170	20340	1765	-1707	2216	-1632
Mar-19	0.73	20530	20670	20490	20650	2532	-2473	11615	1587

Spread	Feb-19		-	-	--	--
Spot	-330		-	-	-	-
Mar-19			-	-	-	-

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

* Updated at as on 25-Feb- 2019@5pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	25-Feb-19	23-Feb-19	
Gujarat	Ahmedabad	Shankar-6	5550	5500	50
	Gondal	Shankar-6	5515	5530	-15
	Rajkot	B.T. Cotton	5540	5600	-60
	Patan	B.T. Cotton	5545	5550	-5
	Kadi	B.T. Cotton	5550	5600	-50

	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5265	5225	40
Haryana	Bhiwani	B.T. Cotton	5650	5700	-50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5460	5520	-60
	Fatehabad	B.T. Cotton	5460	5450	10
	Jind	B.T. Cotton	5720	5659	61
	Uchana	B.T. Cotton	5475	5430	45
	Dabwali	B.T. Cotton	NR	5400	-
Rajasthan	Hanumangarh	B.T. Cotton	5480	5460	20
	Rawatsar	B.T. Cotton	5450	5470	-20
Madhya Pradesh	Khandwa	Mech-1	5480	5420	60
	Khargaon	Mech-1	5495	5455	40
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	NR	5450	-
Karnataka	Bijapur	Bunny	NA	5619	-
	Hubli	D.C.H.	5301	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5450	5400	50
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	25-Feb-19	23-Feb-19	
Punjab	Bhatinda	J-34	4405	4410	-5
	Abohar	J-34	4410	4415	-5
	Mansa	J-34	4385	4385	Unch
Haryana	Sirsa	J-34	#N/A	#N/A	-
Rajasthan	Sri-Ganganagar	J-34	4061	4108	-47

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	25-Feb-19	23-Feb-19	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	647	756	-109
	Rajkot	B.T. Cotton	1700	1900	-200
	Patan	B.T. Cotton	2178	2125	53
	Kadi	B.T. Cotton	30000	25000	5000
	Deesa	B.T. Cotton	NA	NA	-

	Dhrol	B.T. Cotton	58	62	-4
Haryana	Bhiwani	B.T. Cotton	2000	1000	1000
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	510	510	Unch
	Fatehabad	B.T. Cotton	250	250	Unch
	Jind	B.T. Cotton	935	551	384
	Uchana	B.T. Cotton	5270	1575	3695
	Dabwali	B.T. Cotton	NR	100	-
Rajasthan	Hanumangarh	B.T. Cotton	1000	800	200
	Rawatsar	B.T. Cotton	500	1000	-500
Madhya Pradesh	Khandwa	Mech-1	1280	1120	160
	Khargaon	Mech-1	2350	3890	-1540
Maharashtra	Amravati	Mech-1	16000	12000	4000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	87540	-
Karnataka	Bijapur	Bunny	NA	709	-
	Hubli	D.C.H.	58	192	-134
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	412	255	157
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	25-Feb-19	23-Feb-19	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	680	680	Unch
	Mansa	J-34	714	680	34
Haryana	Sirsa	J-34	1020	1190	-170
Rajasthan	Sri-Ganganagar	J-34	2000	2000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	25-Feb-19	23-Feb-19	
Gujarat	Rajkot	Rs. /10 Kg.	730	740	-10
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
State	Centre	Unit	25-Feb-19	23-Feb-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1977	2000	-23
Maharashtra	Akola	Rs./Qtl	1994	2000	-6

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				23-Feb-19	22-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	41000	41200	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40200	40600	-400
Shankar-6(105)	29mm	3.5 - 4.9	28	41600	42200	-600
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43100	43300	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44300	44500	-200
DCH-32(107)	34mm	3.0 - 3.8	33	52100	50000	2100

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

Index	Unit	25-Feb-19	23-Feb-19	Change
CCIndex(328)	RMB/Ton	NR	Closed	-
CCIndex(527)	RMB/Ton	NR	Closed	-
CCIndex(229)	RMB/Ton	NR	Closed	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	25-Feb-19	23-Feb-19	Change
FC Index (S)	Cents/lb	87.43	Closed	-
FC Index (M)	Cents/lb	83.02	Closed	-
FC Index (L)	Cents/lb	80.88	Closed	-

Cotlook Index:

Cotlook Indices	Unit	23-Feb-19	22-Feb-19	Change
A-Index	Cents/Pound	Closed	82.25	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		23-Feb-19	22-Feb-19	Bales
Southeast	cents/lb.	Closed	72.01	0
North Delta	cents/lb.	Closed	70.26	0
South Delta	cents/lb.	Closed	70.26	0
East TX-OK	cents/lb.	Closed	69.01	7921
West Texas	cents/lb.	Closed	69.26	11206
Desert SW	cents/lb.	Closed	69.51	634
SJ Valley	cents/lb.	Closed	74.91	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 23-Feb-2019**(in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8500	160	8660
Equivalent	40 Kgs	9109	171	9280

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