

Domestic Fundamentals:**Market Outlook:**

Indian physical market remained weak on Tuesday. 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:

Rain and thundershowers with moderate spells will continue over Jharkhand, West Bengal, Odisha, northeastern states, parts of Bihar and Chhattisgarh. Isolated rains will also commence over Punjab, West Uttar Pradesh, Delhi and Rajasthan. Rain and snow will continue over Jammu and Kashmir, Himachal Pradesh and Uttarakhand. Coastal parts of Gujarat region and Kutch may also receive isolated rains.

India has 50 per cent chances of having a 'normal' monsoon in June-September this year, according to a preliminary monsoon forecast for 2019 issued by private forecaster Skymet.

International Fundamentals:

ICE cotton futures settled higher on Monday as investors bid for the natural fiber in anticipation of a possible trade deal between the United States and China. The most active cotton contract on ICE Futures U.S., the May contract, settled up 0.09 cent, or 0.12 percent, at 73.1 cents per lb. The contract traded within a range of 72.86 and 73.81 cents per lb.

During the last week overall trading in Pakistan cotton market the prices of cotton shows down word trend, the prices of cotton decreased by Rs 100 to Rs 150 per maund. The trading volume increased due to the tension on India Pakistan border. The Indian government has imposed 200% duty on the import of Pakistani products. There are rumors that

Pakistan may impose duty on the import of Indian products. There are rumors circulating regarding the imposition of duty on many products but at this point of time cotton is not included in the list.

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	-0.15	20230	20300	20180	20280	720	-1045	1781	-435
Mar-19	-0.19	20580	20620	20480	20590	1852	-680	11939	324

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

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

* Updated at as on 26-Feb- 2019@5pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	26-Feb-19	25-Feb-19	
Gujarat	Ahmedabad	Shankar-6	5550	5550	Unch
	Gondal	Shankar-6	5510	5515	-5
	Rajkot	B.T. Cotton	5550	5540	10
	Patan	B.T. Cotton	5525	5545	-20
	Kadi	B.T. Cotton	5550	5550	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5245	5265	-20
Haryana	Bhiwani	B.T. Cotton	5625	5650	-25
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5425	5460	-35
	Fatehabad	B.T. Cotton	5430	5460	-30
	Jind	B.T. Cotton	5620	5720	-100
	Uchana	B.T. Cotton	5454	5475	-21
	Dabwali	B.T. Cotton	NR	NR	-
Rajasthan	Hanumangarh	B.T. Cotton	Closed	5480	-
	Rawatsar	B.T. Cotton	Closed	5450	-
Madhya Pradesh	Khandwa	Mech-1	5495	5480	15
	Khargaon	Mech-1	5430	5495	-65
Maharashtra	Amravati	Mech-1	5400	5425	-25
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5400	NR	-
Karnataka	Bijapur	Bunny	5626	NA	-
	Hubli	D.C.H.	4719	5301	-582
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5350	5450	-100
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	26-Feb-19	25-Feb-19	
Punjab	Bhatinda	J-34	4415	4405	10
	Abohar	J-34	4420	4410	10
	Mansa	J-34	4385	4385	Unch
Haryana	Sirsa	J-34	4340	#N/A	-
Rajasthan	Sri-Ganganagar	J-34	Closed	4061	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	26-Feb-19	25-Feb-19	
Gujarat	Ahmedabad	Shankar-6	59500	51000	8500
	Gondal	Shankar-6	468	647	-179
	Rajkot	B.T. Cotton	1800	1700	100
	Patan	B.T. Cotton	2187	2178	9
	Kadi	B.T. Cotton	25000	30000	-5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	56	58	-2
Haryana	Bhiwani	B.T. Cotton	800	2000	-1200
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	425	510	-85
	Fatehabad	B.T. Cotton	350	250	100
	Jind	B.T. Cotton	751	935	-184
	Uchana	B.T. Cotton	4225	5270	-1045
	Dabwali	B.T. Cotton	NR	NR	-
Rajasthan	Hanumangarh	B.T. Cotton	Closed	1000	-
	Rawatsar	B.T. Cotton	Closed	500	-
Madhya Pradesh	Khandwa	Mech-1	1056	1280	-224
	Khargaon	Mech-1	4130	2350	1780
Maharashtra	Amravati	Mech-1	15000	16000	-1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	76830	NR	-
Karnataka	Bijapur	Bunny	1048	1427	-379
	Hubli	D.C.H.	15	58	-43
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	247	412	-165
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	26-Feb-19	25-Feb-19	
Punjab	Bhatinda	J-34	4250	5100	-850
	Abohar	J-34	680	680	Unch
	Mansa	J-34	680	714	-34
Haryana	Sirsa	J-34	1360	1020	340
Rajasthan	Sri-Ganganagar	J-34	Closed	2000	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	26-Feb-19	25-Feb-19	
Gujarat	Rajkot	Rs. /10 Kg.	725	730	-5
Delhi	New Delhi	Rs. /10 Kg.	735	742	-7
Telangana	Hyderabad	Rs. /10 Kg.	715	720	-5
Maharashtra	Mumbai	Rs. /10 Kg.	745	750	-5

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	26-Feb-19	25-Feb-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1958	1977	-19
Maharashtra	Akola	Rs./Qtl	1965	1994	-29

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				25-Feb-19	24-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	41200	41200	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40300	40600	-300
Shankar-6(105)	29mm	3.5 - 4.9	28	41800	42200	-400
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	52600	50000	2600

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

Index	Unit	26-Feb-19	25-Feb-19	Change
CCIndex(328)	RMB/Ton	NR	15513	-
CCIndex(527)	RMB/Ton	NR	14556	-
CCIndex(229)	RMB/Ton	NR	15992	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	26-Feb-19	25-Feb-19	Change
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FC Index (S)	Cents/lb	87.43	87.43	Unch
FC Index (M)	Cents/lb	83.02	83.02	Unch
FC Index (L)	Cents/lb	80.88	80.88	Unch

Cotlook Index:

Cotlook Indices	Unit	25-Feb-19	23-Feb-19	Change
A-Index	Cents/Pound	81.25	Closed	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		25-Feb-19	23-Feb-19	Bales
Southeast	cents/lb.	69.85	Closed	Closed
North Delta	cents/lb.	68.6	Closed	Closed
South Delta	cents/lb.	68.6	Closed	Closed
East TX-OK	cents/lb.	66.6	Closed	Closed
West Texas	cents/lb.	66.6	Closed	Closed
Desert SW	cents/lb.	65.6	Closed	Closed
SJ Valley	cents/lb.	66.1	Closed	Closed

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 Mon February 25, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-19	190225	72.2	72.54	71.93	71.93	0.09	5,409	388	-4,538
May-19	190225	73.33	73.81	72.86	73.1	0.09	28,734	1,19,669	-3,505
Jul-19	190225	74.66	74.86	74.04	74.33	0.16	8,583	41,072	122
Oct-19	190225	73.88	73.88	73.88	73.88	0.04	0	10	0
Dec-19	190225	74	74	73.42	73.58	0.07	4,160	45,937	626
Mar-20	190225	75	75	74.6	74.68	0.04	383	7,772	70
Total Volume and Open Interest							47,319	2,16,593	-7,202

Pakistan Cotton Spot rates: As on 25-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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