

**Domestic Fundamentals:****Market Outlook:**

*Indian physical market remained weak on Wednesday. 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:**

*Light to moderate rain and snow is expected over Jammu and Kashmir, Himachal Pradesh and Uttarakhand. Scattered light to moderate rain and thundershowers with hailstorm are expected over Punjab, Haryana, Uttar Pradesh, Delhi, Rajasthan and northeastern states. Light to moderate rains with few heavy spells is expected over Gangetic West Bengal, Odisha, parts of Bihar, Jharkhand, Chhattisgarh, East Madhya Pradesh and Vidarbha. Delhi pollution will remain under moderate category over most parts*

*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:**

*Cotton futures fell 78 to 108 points in most contracts on Tuesday. Total export commitments for upland cotton are down 7.8% from a year ago as of February 14. They are 85% of the USDA's export projected 15 million bales, vs. the normal pace of 83%. The Cotlook A Index was down 100 points on February 25 to 81.25 cents/lb. The USDA Adjusted World Price is 61.80 cents/lb through Thursday.*

**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.

**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	20200	20200	20100	20140	618	-102	1749	-32
Mar-19	-0.05	20500	20510	20410	20470	1243	-609	12218	279

Spread	Feb-19		-	-	--	--
Spot	-310		-	-	-	-
Mar-19			-	-	-	-

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

\* Updated at as on 27-Feb- 2019@5pm

## Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	27-Feb-19	26-Feb-19	
Gujarat	Ahmedabad	Shankar-6	5550	5550	Unch
	Gondal	Shankar-6	5480	5510	-30
	Rajkot	B.T. Cotton	5575	5550	25
	Patan	B.T. Cotton	5485	5525	-40
	Kadi	B.T. Cotton	5550	5550	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5130	5245	-115
Haryana	Bhiwani	B.T. Cotton	5650	5625	25
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5400	5425	-25
	Fatehabad	B.T. Cotton	5375	5430	-55
	Jind	B.T. Cotton	5750	5620	130
	Uchana	B.T. Cotton	5427	5454	-27
	Dabwali	B.T. Cotton	NR	NR	-
Rajasthan	Hanumangarh	B.T. Cotton	Closed	Closed	-
	Rawatsar	B.T. Cotton	Closed	Closed	-
Madhya Pradesh	Khandwa	Mech-1	5500	5495	5
	Khargaon	Mech-1	5427	5430	-3
Maharashtra	Amravati	Mech-1	5390	5400	-10
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5400	5400	Unch
Karnataka	Bijapur	Bunny	5633	5626	7
	Hubli	D.C.H.	NA	4719	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5450	5350	100
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	27-Feb-19	26-Feb-19	
Punjab	Bhatinda	J-34	4370	4415	-45
	Abohar	J-34	4390	4420	-30
	Mansa	J-34	4360	4385	-25
Haryana	Sirsa	J-34	4300	4340	-40
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	27-Feb-19	26-Feb-19	
Gujarat	Ahmedabad	Shankar-6	51000	59500	-8500
	Gondal	Shankar-6	612	468	144
	Rajkot	B.T. Cotton	2000	1800	200
	Patan	B.T. Cotton	1804	2187	-383
	Kadi	B.T. Cotton	25000	25000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	62	56	6
Haryana	Bhiwani	B.T. Cotton	1500	800	700
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	510	425	85
	Fatehabad	B.T. Cotton	250	350	-100
	Jind	B.T. Cotton	551	751	-201
	Uchana	B.T. Cotton	2785	4225	-1440
	Dabwali	B.T. Cotton	NR	NR	-
Rajasthan	Hanumangarh	B.T. Cotton	Closed	Closed	-
	Rawatsar	B.T. Cotton	Closed	Closed	-
Madhya Pradesh	Khandwa	Mech-1	1024	1056	-32
	Khargaon	Mech-1	3710	4130	-420
Maharashtra	Amravati	Mech-1	15000	15000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	69480	76830	-7350
Karnataka	Bijapur	Bunny	1271	1048	223
	Hubli	D.C.H.	NA	15	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	225	247	-22
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	27-Feb-19	26-Feb-19	
Punjab	Bhatinda	J-34	5950	4250	1700
	Abohar	J-34	680	680	Unch
	Mansa	J-34	510	680	-170
Haryana	Sirsa	J-34	1360	1360	Unch
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	27-Feb-19	26-Feb-19	
Gujarat	Rajkot	Rs. /10 Kg.	725	725	Unch
Delhi	New Delhi	Rs. /10 Kg.	722	735	-13
Telangana	Hyderabad	Rs. /10 Kg.	715	715	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	745	745	Unch

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	27-Feb-19	26-Feb-19	
Gujarat	Mahešana (Kadi)	Rs./Qtl	1960	1958	2
Maharashtra	Akola	Rs./Qtl	1965	1965	Unch

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				26-Feb-19	25-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	41300	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	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	27-Feb-19	26-Feb-19	Change
CCIndex(328)	RMB/Ton	15512	NR	-
CCIndex(527)	RMB/Ton	14555	NR	-
CCIndex(229)	RMB/Ton	15992	NR	-

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

**China Foreign Cotton (FCE) Index :**

Index	Unit	27-Feb-19	26-Feb-19	Change
FC Index (S)	Cents/lb	86.24	87.43	-1.19
FC Index (M)	Cents/lb	81.86	83.02	-1.16

FC Index (L)	Cents/lb	79.63	80.88	-1.25
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**Cotlook Index:**

Cotlook Indices	Unit	26-Feb-19	25-Feb-19	Change
A-Index	Cents/Pound	81.1	81.25	-0.15

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		26-Feb-19	25-Feb-19	Bales
Southeast	cents/lb.	68.77	72.1	0
North Delta	cents/lb.	67.52	70.35	0
South Delta	cents/lb.	67.52	70.35	0
East TX-OK	cents/lb.	65.52	69.1	7125
West Texas	cents/lb.	65.52	69.35	6616
Desert SW	cents/lb.	64.52	69.6	275
SJ Valley	cents/lb.	65.02	75	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 Tue February 26, 2019**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Mar-19</a>	190226	72.27	72.27	70.85	70.85	-1.08	138	202	-186
<a href="#">May-19</a>	190226	72.95	73.04	71.91	72.02	-1.08	27,894	1,21,269	1,600
<a href="#">Jul-19</a>	190226	74.4	74.4	73.14	73.28	-1.05	9,443	41,148	76
<a href="#">Oct-19</a>	190226	73.1	73.1	73.1	73.1	-0.78	10	11	1
<a href="#">Dec-19</a>	190226	73.42	73.46	72.63	72.68	-0.9	5,575	46,868	931
<a href="#">Mar-20</a>	190226	73.75	73.84	73.7	73.78	-0.9	220	7,843	71
Total Volume and Open Interest							43,309	2,19,105	2,512

**Pakistan Cotton Spot rates: As on 26-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**

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