

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

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

***Pulwama attack retaliation: India halts cotton exports to Pakistan amid tensions.** The unease between India and Pakistan, exporters see a temporary slump in flow of consignments for a few days. Cotton exports to China from India, are on the upswing. About 4 lakh bales have already been shipped to China in the last 10 days and another 10 lakh bales are expected to be shipped from the country soon, traders said.*

***According to Cotton Association, that some of 8 lakh bales had been contracted by Pakistan and nearly 6.5 lakh bales have already been shipped which means barely 75,000 bales are remaining.** Pakistan is expected to import around 10 lakh bales of cotton from India in the current financial year. Some exporters believe that the cotton export to Pakistan will continue even in the event of increase in duty as the consignments would be routed via ports in Dubai and Singapore. So far, some 32 lakh bales have been shipped out of the country and the total exports are expected to touch 50-55 lakh bales.*

***Till date, the total cotton stock in the country is 80 lakh bales, of which 44 lakh bales is with spinning mills, 36 lakh bales with ginners and the remaining with CCI.** CAI, in its January 2019 estimate of the cotton crop for the season 2018-19 beginning from October 1, 2018, has estimated cotton crop for 2018-19 season at 330 lakh bales of 170 kg each which is lower by 5 lakh bales than its previous estimate of 335 lakh bales made last month.*

***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.*

**Weather Forecast for tomorrow:**

*Scattered rains are expected over Haryana, Delhi, Uttar Pradesh, Bihar and northeastern states. Scattered light to moderate rain and snow will occur over are likely Arunachal Pradesh, Sikkim, Himachal Pradesh and Uttarakhand. Light to moderate rain with few heavy spells will occur over Gangetic West Bengal and North Odisha. Andhra Pradesh, Kerala and Tamil Nadu will witness light rains. Minimum temperatures will drop further over Northwest India.*

*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:

**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	-0.59	20220	20230	20050	20050	906	288	1652	-97
Mar-19	-0.29	20490	20560	20390	20420	1784	541	12969	751
Spread	Feb-19			-	-	--	--		
Spot	-330				-	-	-		
Mar-19					-	-	-		

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

\* Updated at as on 28-Feb- 2019@5pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	28-Feb-19	27-Feb-19	
Gujarat	Ahmedabad	Shankar-6	5550	5550	Unch
	Gondal	Shankar-6	5500	5480	20
	Rajkot	B.T. Cotton	5530	5575	-45
	Patan	B.T. Cotton	5515	5485	30
	Kadi	B.T. Cotton	5550	5550	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	5130	-
Haryana	Bhiwani	B.T. Cotton	5600	5650	-50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5350	5400	-50
	Fatehabad	B.T. Cotton	5350	5375	-25
	Jind	B.T. Cotton	5700	5750	-50
	Uchana	B.T. Cotton	5385	5427	-42
	Dabwali	B.T. Cotton	NR	NR	-
Rajasthan	Hanumangarh	B.T. Cotton	Closed	Closed	-
	Rawatsar	B.T. Cotton	Closed	Closed	-
Madhya Pradesh	Khandwa	Mech-1	5491	5500	-9
	Khargaon	Mech-1	5427	5427	Unch
Maharashtra	Amravati	Mech-1	5300	5390	-90
	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	5929	5633	296
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5470	5450	20
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	28-Feb-19	27-Feb-19	
Punjab	Bhatinda	J-34	4360	4370	-10
	Abohar	J-34	4380	4390	-10
	Mansa	J-34	4350	4360	-10
Haryana	Sirsa	J-34	4290	4300	-10
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	28-Feb-19	27-Feb-19	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	798	612	186
	Rajkot	B.T. Cotton	2700	2000	700
	Patan	B.T. Cotton	3250	1804	1446
	Kadi	B.T. Cotton	30000	25000	5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NR	62	-
Haryana	Bhiwani	B.T. Cotton	1500	1500	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	255	510	-255
	Fatehabad	B.T. Cotton	250	250	Unch
	Jind	B.T. Cotton	350	551	-201
	Uchana	B.T. Cotton	1365	2785	-1420
	Dabwali	B.T. Cotton	NR	NR	-
Rajasthan	Hanumangarh	B.T. Cotton	Closed	Closed	-
	Rawatsar	B.T. Cotton	Closed	Closed	-
Madhya Pradesh	Khandwa	Mech-1	1152	1024	128
	Khargaon	Mech-1	4140	3710	430
Maharashtra	Amravati	Mech-1	14000	15000	-1000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	47170	69480	-22310
Karnataka	Bijapur	Bunny	1155	1271	-116
	Hubli	D.C.H.	NA	10	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	270	225	45
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	28-Feb-19	27-Feb-19	
Punjab	Bhatinda	J-34	6800	5950	850
	Abohar	J-34	850	680	170
	Mansa	J-34	680	510	170
Haryana	Sirsa	J-34	850	1360	-510
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	28-Feb-19	27-Feb-19	
Gujarat	Rajkot	Rs. /10 Kg.	725	725	Unch
Delhi	New Delhi	Rs. /10 Kg.	718	722	-4
Telangana	Hyderabad	Rs. /10 Kg.	715	715	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	742	745	-3

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	28-Feb-19	27-Feb-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1949	1960	-11
Maharashtra	Akola	Rs./Qtl	1960	1965	-5

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				27-Feb-19	26-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	40100	40600	-500
Shankar-6(105)	29mm	3.5 - 4.9	28	41600	42200	-600
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43000	43300	-300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44100	44500	-400
DCH-32(107)	34mm	3.0 - 3.8	33	52600	50000	2600

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	28-Feb-19	27-Feb-19	Change
CCIndex(328)	RMB/Ton	15512	15512	Unch
CCIndex(527)	RMB/Ton	14553	14555	-2
CCIndex(229)	RMB/Ton	15991	15992	-1

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

China Foreign Cotton (FCE) Index :

Index	Unit	28-Feb-19	27-Feb-19	Change
FC Index (S)	Cents/lb	86.6	86.24	0.36
FC Index (M)	Cents/lb	82.17	81.86	0.31

FC Index (L)	Cents/lb	79.93	79.63	0.30
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**Cotlook Index:**

Cotlook Indices	Unit	27-Feb-19	26-Feb-19	Change
A-Index	Cents/Pound	80.1	81.1	-1.00

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		27-Feb-19	26-Feb-19	Bales
Southeast	cents/lb.	69.11	71.02	0
North Delta	cents/lb.	67.86	69.27	0
South Delta	cents/lb.	67.86	69.27	0
East TX-OK	cents/lb.	65.86	68.02	9697
West Texas	cents/lb.	65.86	68.27	9633
Desert SW	cents/lb.	64.86	68.52	206
SJ Valley	cents/lb.	65.36	73.92	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 27, 2019**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Mar-19</a>	190227	71.25	71.27	71.19	71.19	0.34	55	161	-41
<a href="#">May-19</a>	190227	72	72.75	71.9	72.36	0.34	13,070	1,20,201	-1,068
<a href="#">Jul-19</a>	190227	73.26	73.98	73.19	73.58	0.3	4,624	41,403	255
<a href="#">Oct-19</a>	190227	73.45	73.45	73.45	73.45	0.35	1	11	0
<a href="#">Dec-19</a>	190227	72.65	73.24	72.65	73	0.32	1,516	46,977	109
<a href="#">Mar-20</a>	190227	73.9	74.25	73.76	74.07	0.29	95	7,900	57
Total Volume and Open Interest							19,362	2,18,417	-688

**Pakistan Cotton Spot rates: As on 27-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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