

Domestic Fundamentals:**Market Outlook:**

Indian cotton market remained weak on Friday, with slow demand limiting upside momentum. 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:

All India cotton arrivals registered around 155,000-170,000 bales (each bale 170 kg) lint equivalent on an average per day basis. Lint prices for Gujarat Shankar 6 cotton are quoted around INR 41'700 per candy.

***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 ginner 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:

Fairly widespread rain and thundershowers will continue over the northeastern states. Scattered rain and snow are likely over Arunachal Pradesh. Light to moderate rains will occur over Gangetic West Bengal, Coastal Odisha and Coastal Andhra Pradesh. Isolated rains are expected over Tamil Nadu and Kerala.

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 rose on Thursday on short-covering, and after comments from the top U.S. trade official that new cotton purchases could be included in a possible trade deal with China. The most active cotton contract on ICE Futures U.S., the May contract, settled up 0.46 cent, or 0.64 percent, at 72.82 cents per lb. Prices, however, declined nearly 4 percent for February.

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.

MCX Cotton Futures*: (Prices in Rs/170 kgs)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-19	0.78	20450	20620	20450	20610	1655	749	13181	11529
Apr-19	0.77	20750	20890	20730	20890	466	-1318	2659	-10310

Spread	Mar-19		-	-	--	--
Spot	-270			-	-	-
Apr-19				-	-	-

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

* Updated at as on 01-Mar- 2019@5pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	01-Mar-19	28-Feb-19	
Gujarat	Ahmedabad	Shankar-6	5500	5550	-50
	Gondal	Shankar-6	5530	5500	30
	Rajkot	B.T. Cotton	5530	5530	Unch
	Patan	B.T. Cotton	5490	5515	-25
	Kadi	B.T. Cotton	5500	5550	-50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5145	NR	-
Haryana	Bhiwani	B.T. Cotton	5600	5600	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5370	5350	20
	Fatehabad	B.T. Cotton	5370	5350	20
	Jind	B.T. Cotton	5675	5700	-25
	Uchana	B.T. Cotton	5385	5385	Unch
	Dabwali	B.T. Cotton	NR	NR	-
Rajasthan	Hanumangarh	B.T. Cotton	Closed	Closed	-
	Rawatsar	B.T. Cotton	Closed	Closed	-
Madhya Pradesh	Khandwa	Mech-1	5495	5491	4
	Khargaon	Mech-1	5454	5427	27
Maharashtra	Amravati	Mech-1	5375	5300	75
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	5400	-
Karnataka	Bijapur	Bunny	5631	5929	-298
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5400	5470	-70
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	01-Mar-19	28-Feb-19	
Punjab	Bhatinda	J-34	4385	4360	25
	Abohar	J-34	4390	4380	10
	Mansa	J-34	4370	4350	20
Haryana	Sirsa	J-34	4295	4290	5
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

Cotton Arrivals in Key Centers:

Commodity	Kapas	Arrivals (Quintal)	Change
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State	Centre	Variety	01-Mar-19	28-Feb-19	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	840	798	42
	Rajkot	B.T. Cotton	2900	2700	200
	Patan	B.T. Cotton	2078	3250	-1172
	Kadi	B.T. Cotton	30000	30000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	101	99	2
Haryana	Bhiwani	B.T. Cotton	800	1500	-700
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	425	255	170
	Fatehabad	B.T. Cotton	200	250	-50
	Jind	B.T. Cotton	765	350	415
	Uchana	B.T. Cotton	1365	1365	Unch
	Dabwali	B.T. Cotton	NR	NR	-
Rajasthan	Hanumangarh	B.T. Cotton	Closed	Closed	-
	Rawatsar	B.T. Cotton	Closed	Closed	-
Madhya Pradesh	Khandwa	Mech-1	1050	1152	-102
	Khargaon	Mech-1	3810	4140	-330
Maharashtra	Amravati	Mech-1	14000	14000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	47170	-
Karnataka	Bijapur	Bunny	921	1155	-234
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	292	270	22
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	01-Mar-19	28-Feb-19	
Punjab	Bhatinda	J-34	5100	6800	-1700
	Abohar	J-34	850	850	Unch
	Mansa	J-34	680	680	Unch
Haryana	Sirsa	J-34	1020	850	170
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	01-Mar-19	28-Feb-19	
Gujarat	Rajkot	Rs. /10 Kg.	730	725	5
Delhi	New Delhi	Rs. /10 Kg.	725	718	7
Telangana	Hyderabad	Rs. /10 Kg.	700	715	-15
Maharashtra	Mumbai	Rs. /10 Kg.	740	742	-2

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	01-Mar-19	28-Feb-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1948	1949	-1
Maharashtra	Akola	Rs./Qtl	1950	1960	-10

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				28-Feb-19	27-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	40100	40600	-500
Shankar-6(105)	29mm	3.5 - 4.9	28	41600	42200	-600
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	42900	43300	-400
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44000	44500	-500
DCH-32(107)	34mm	3.0 - 3.8	33	52600	50000	2600

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	01-Mar-19	28-Feb-19	Change
CCIndex(328)	RMB/Ton	15512	15512	Unch
CCIndex(527)	RMB/Ton	14548	14553	-5
CCIndex(229)	RMB/Ton	15985	15991	-6

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

China Foreign Cotton (FCE) Index :

Index	Unit	01-Mar-19	28-Feb-19	Change
FC Index (S)	Cents/lb	87.11	86.6	0.51
FC Index (M)	Cents/lb	83.64	82.17	1.47

FC Index (L)	Cents/lb	81.09	79.93	1.16
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Cotlook Index:

Cotlook Indices	Unit	28-Feb-19	27-Feb-19	Change
A-Index	Cents/Pound	80.35	80.1	0.25

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		28-Feb-19	27-Feb-19	Bales
Southeast	cents/lb.	69.57	71.36	0
North Delta	cents/lb.	68.32	69.61	0
South Delta	cents/lb.	68.32	69.61	0
East TX-OK	cents/lb.	66.32	68.36	1769
West Texas	cents/lb.	66.32	68.61	1262
Desert SW	cents/lb.	65.57	68.86	385
SJ Valley	cents/lb.	66.07	74.26	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 Thu February 28, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-19	190228	71.8	71.8	71.74	71.74	0.55	33	131	-30
May-19	190228	72.16	73.13	72.05	72.82	0.46	14,274	1,21,430	1,229
Jul-19	190228	73.54	74.29	73.31	73.99	0.41	5,315	41,843	440
Oct-19	190228	73.72	73.72	73.72	73.72	0.27	0	11	0
Dec-19	190228	72.97	73.6	72.8	73.28	0.28	1,565	47,339	362
Mar-20	190228	74.1	74.65	74.08	74.48	0.41	31	7,917	17
Total Volume and Open Interest							21,218	2,20,435	2,018

Pakistan Cotton Spot rates: As on 28-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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