

Domestic Fundamentals:

Market Outlook:

Indian major cotton markets were closed due to Mahashivaratri, 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 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:

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 climbed more than 1 percent on Friday to a one-week high, lifted by optimism over a possible trade deal between the United States and China, and fund buying. The most active cotton contract on ICE Futures U.S., the May contract, settled up 1.03 cent, or 1.41 percent, at 73.85 cents per lb. The second-month contract hit its highest level since Feb. 22, at 73.95 cents, and notched a weekly gain of 1.2 percent, its second straight weekly gain.

President Trump indicated he asked China to remove all tariffs on US ag products immediately based on the fact that discussions are moving along and the March 1 tariffs were delayed. As of Feb 19, money managers in cotton futures and options increased their net short position by 4,713 contracts to 18,854 contracts.

Net UPLAND sales of 85,500 RB for 2018-2019 were reported for Indonesia (29,600 RB, including 500 RB switched from Japan), Vietnam (27,800 RB, including 16,700 RB switched from China, 1,100 RB switched from South Korea, and decreases of 24,000 RB), Turkey (27,400 RB), Bangladesh (21,500 RB), and Pakistan (7,900 RB, including decreases of 5,000 RB). Reductions were reported for China (65,600 RB) and Malaysia (500 RB). For 2019-2020, net UPLAND sales of 12,100 RB reported for China (11,000 RB), Mexico (2,700 RB), and Indonesia (900 RB), were partially offset by reductions for Indonesia (2,600 RB). UPLAND Exports of 3,45,700 RB were primarily to Vietnam (92,600 RB), Pakistan (70,100 RB), India (36,200 RB), Indonesia (23,500 RB), and Bangladesh (23,400 RB).

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-19	0.73	20720	20820	20710	20770	508	-1147	13171	-10
Apr-19	0.72	21000	21100	21000	21060	224	-242	2746	87

Spread	Mar-19		-	-	--	--
Spot	-280		-	-	-	-
Apr-19			-	-	-	-

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

* Updated at as on 04-Mar- 2019@5pm

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	04-Mar-19	02-Mar-19	
Gujarat	Ahmedabad	Shankar-6	Closed	5550	-
	Gondal	Shankar-6	Closed	5500	-
	Rajkot	B.T. Cotton	Closed	5530	-
	Patan	B.T. Cotton	Closed	5515	-
	Kadi	B.T. Cotton	5600	5550	50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	Closed	NR	-
Haryana	Bhiwani	B.T. Cotton	NR	5600	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5480	5350	130
	Fatehabad	B.T. Cotton	5450	5350	100
	Jind	B.T. Cotton	5740	5700	40
	Uchana	B.T. Cotton	5400	5385	15
	Dabwali	B.T. Cotton	NR	NR	-
Rajasthan	Hanumangarh	B.T. Cotton	Closed	Closed	-
	Rawatsar	B.T. Cotton	Closed	Closed	-
Madhya Pradesh	Khandwa	Mech-1	Closed	5491	-
	Khargaon	Mech-1	Closed	5427	-
Maharashtra	Amravati	Mech-1	Closed	5300	-
	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	NR	5929	-
	Hubli	D.C.H.	NR	NA	-
	Hubli	B.T. Cotton	NR	NA	-
	Raichur	H-44 Cotton	NR	5470	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	04-Mar-19	02-Mar-19	
Punjab	Bhatinda	J-34	4450	4360	90
	Abohar	J-34	4440	4380	60
	Mansa	J-34	4410	4350	60
Haryana	Sirsa	J-34	4350	4290	60
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	04-Mar-19	02-Mar-19	
Gujarat	Ahmedabad	Shankar-6	Closed	51000	-
	Gondal	Shankar-6	Closed	552	-
	Rajkot	B.T. Cotton	Closed	2600	-
	Patan	B.T. Cotton	Closed	1452	-
	Kadi	B.T. Cotton	20000	30000	-10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	Closed	73	-
Haryana	Bhiwani	B.T. Cotton	NR	NR	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	510	170	340
	Fatehabad	B.T. Cotton	60	50	10
	Jind	B.T. Cotton	935	NA	-
	Uchana	B.T. Cotton	3185	3185	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	Closed	1120	-
	Khargaon	Mech-1	Closed	2130	-
Maharashtra	Amravati	Mech-1	Closed	15000	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	NR	700	-
	Hubli	D.C.H.	NR	320	-
	Hubli	B.T. Cotton	NR	NA	-
	Raichur	H-44 Cotton	NR	217	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	04-Mar-19	02-Mar-19	
Punjab	Bhatinda	J-34	3400	1700	1700
	Abohar	J-34	510	340	170
	Mansa	J-34	374	510	-136
Haryana	Sirsa	J-34	340	340	Unch
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	04-Mar-19	02-Mar-19	
Gujarat	Rajkot	Rs. /10 Kg.	Closed	730	-
Delhi	New Delhi	Rs. /10 Kg.	Closed	735	-
Telangana	Hyderabad	Rs. /10 Kg.	Closed	710	-
Maharashtra	Mumbai	Rs. /10 Kg.	740	740	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	04-Mar-19	02-Mar-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	Closed	1952	-
Maharashtra	Akola	Rs./Qtl	Closed	1960	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				02-Mar-19	01-Mar-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	41400	41200	200
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	43000	43300	-300
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	04-Mar-19	02-Mar-19	Change
CCIndex(328)	RMB/Ton	15518	Closed	-
CCIndex(527)	RMB/Ton	14549	Closed	-
CCIndex(229)	RMB/Ton	15987	Closed	-

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

China Foreign Cotton (FCE) Index :

Index	Unit	04-Mar-19	02-Mar-19	Change
FC Index (S)	Cents/lb	87.87	Closed	-
FC Index (M)	Cents/lb	84.33	Closed	-

FC Index (L)	Cents/lb	82.09	Closed	-
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Cotlook Index:

Cotlook Indices	Unit	02-Mar-19	28-Feb-19	Change
A-Index	Cents/Pound	Closed	80.35	-

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		02-Mar-19	01-Mar-19	Bales
Southeast	cents/lb.	Closed	72.85	0
North Delta	cents/lb.	Closed	71.1	0
South Delta	cents/lb.	Closed	71.1	0
East TX-OK	cents/lb.	Closed	69.85	2291
West Texas	cents/lb.	Closed	70.1	6359
Desert SW	cents/lb.	Closed	70.6	315
SJ Valley	cents/lb.	Closed	76	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 March 01, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-19	190301	72.34	72.73	71.4	72.73	0.99	6	95	-36
May-19	190301	72.72	73.95	72.6	73.85	1.03	11,347	1,21,361	-69
Jul-19	190301	73.86	74.95	73.76	74.85	0.86	3,497	42,291	448
Oct-19	190301	74.39	74.52	74.39	74.52	0.8	0	11	0
Dec-19	190301	73.16	74	73.16	73.78	0.5	1,185	47,529	190
Mar-20	190301	74.28	75	74.28	74.89	0.41	62	7,922	5
Total Volume and Open Interest							16,098	2,20,974	539

Pakistan Cotton Spot rates: As on 01-Mar-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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