

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

*Indian spot market prices traded slightly up on Tuesday, 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:**

*Scattered rain and snow will continue over Jammu and Kashmir, Himachal Pradesh and Uttarakhand. Isolated rains may also occur over Punjab, Haryana and Northwest Uttar Pradesh. Thunderclouds may build up over parts of Delhi. Rain and thundershowers will increase over West Bengal and Odisha. Meanwhile, rains will reduce over Bihar and Jharkhand. Rain and thundershowers will occur over the northeastern states except Assam and Meghalaya that will receive only light rainfall activity.*

### International Fundamentals:

**ICE cotton futures fell nearly 1 percent on Monday**, pressured by speculative selling and weaker demand, while a slide in the equity markets added to the downbeat sentiment. The most active cotton contract on ICE Futures U.S., the May contract, settled down 0.72 cent, or 0.97 percent, at 73.13 cents per lb. The contract traded within a range of 73.09 cents to 74.64 cents per lb.

**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	-0.43	20780	20850	20730	20740	1468	960	13052	-119
Apr-19	-0.38	21080	21140	21020	21030	415	191	2990	244

  

Spread	Mar-19		-	-	--	--
Spot	-290		-	-	-	-
Apr-19			-	-	-	-

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

\* Updated at as on 05-Mar- 2019@5pm

**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	05-Mar-19	04-Mar-19	
Gujarat	Ahmedabad	Shankar-6	5625	Closed	-
	Gondal	Shankar-6	5530	Closed	-
	Rajkot	B.T. Cotton	5600	Closed	-
	Patan	B.T. Cotton	NA	Closed	-
	Kadi	B.T. Cotton	5700	5600	100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5240	Closed	-
Haryana	Bhiwani	B.T. Cotton	NR	NR	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5500	5480	20
	Fatehabad	B.T. Cotton	5495	5450	45
	Jind	B.T. Cotton	5750	5740	10
	Uchana	B.T. Cotton	5530	5400	130
	Dabwali	B.T. Cotton	NR	NR	-
Rajasthan	Hanumangarh	B.T. Cotton	Closed	Closed	-
	Rawatsar	B.T. Cotton	Closed	Closed	-
Madhya Pradesh	Khandwa	Mech-1	5480	Closed	-
	Khargaon	Mech-1	5425	Closed	-
Maharashtra	Amravati	Mech-1	5450	Closed	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5400	Closed	-
Karnataka	Bijapur	Bunny	5663	Closed	-
	Hubli	D.C.H.	NA	Closed	-
	Hubli	B.T. Cotton	NA	Closed	-
	Raichur	H-44 Cotton	5410	Closed	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	05-Mar-19	04-Mar-19	
Punjab	Bhatinda	J-34	4455	4450	5
	Abohar	J-34	4460	4440	20
	Mansa	J-34	4430	4410	20
Haryana	Sirsa	J-34	4360	4350	10
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	05-Mar-19	04-Mar-19	
Gujarat	Ahmedabad	Shankar-6	51000	Closed	-
	Gondal	Shankar-6	910	Closed	-
	Rajkot	B.T. Cotton	1950	Closed	-
	Patan	B.T. Cotton	NA	Closed	-
	Kadi	B.T. Cotton	25000	20000	5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	108	Closed	-
Haryana	Bhiwani	B.T. Cotton	NR	NR	-
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	425	510	-85
	Fatehabad	B.T. Cotton	200	60	140
	Jind	B.T. Cotton	935	935	Unch
	Uchana	B.T. Cotton	1740	3185	-1445
	Dabwali	B.T. Cotton	NR	NR	-
Rajasthan	Hanumangarh	B.T. Cotton	Closed	Closed	-
	Rawatsar	B.T. Cotton	Closed	Closed	-
Madhya Pradesh	Khandwa	Mech-1	1120	Closed	-
	Khargaon	Mech-1	1300	Closed	-
Maharashtra	Amravati	Mech-1	17000	Closed	-
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	67750	Closed	-
Karnataka	Bijapur	Bunny	1059	Closed	-
	Hubli	D.C.H.	NA	Closed	-
	Hubli	B.T. Cotton	NA	Closed	-
	Raichur	H-44 Cotton	277	Closed	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	05-Mar-19	04-Mar-19	
Punjab	Bhatinda	J-34	5100	3400	1700
	Abohar	J-34	680	510	170
	Mansa	J-34	340	374	-34
Haryana	Sirsa	J-34	680	340	340
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

**Cotton Seed Oil Prices:**

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	05-Mar-19	04-Mar-19	
Gujarat	Rajkot	Rs. /10 Kg.	730	Closed	-
Delhi	New Delhi	Rs. /10 Kg.	735	Closed	-
Telangana	Hyderabad	Rs. /10 Kg.	710	Closed	-
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	05-Mar-19	04-Mar-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1974	Closed	-
Maharashtra	Akola	Rs./Qtl	1985	Closed	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				04-Mar-19	02-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 INDICES****China Cotton Index:**

Index	Unit	05-Mar-19	04-Mar-19	Change
CCIndex(328)	RMB/Ton	15533	15518	15
CCIndex(527)	RMB/Ton	14552	14549	3
CCIndex(229)	RMB/Ton	15996	15987	9

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

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

Index	Unit	05-Mar-19	04-Mar-19	Change
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FC Index (S)	Cents/lb	87.19	87.87	-0.68
FC Index (M)	Cents/lb	83.77	84.33	-0.56
FC Index (L)	Cents/lb	81.36	82.09	-0.73

**Cotlook Index:**

Cotlook Indices	Unit	04-Mar-19	01-Mar-19	Change
A-Index	Cents/Pound	81.9	80.85	1.05

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		04-Mar-19	02-Mar-19	Bales
Southeast	cents/lb.	69.88	#N/A	#N/A
North Delta	cents/lb.	68.63	#N/A	#N/A
South Delta	cents/lb.	68.63	#N/A	#N/A
East TX-OK	cents/lb.	66.63	#N/A	#N/A
West Texas	cents/lb.	66.63	#N/A	#N/A
Desert SW	cents/lb.	65.88	#N/A	#N/A
SJ Valley	cents/lb.	66.38	#N/A	#N/A

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 March 04, 2019**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">Mar-19</a>	190304	72.97	72.98	71.97	71.97	-0.76	8	93	-2
<a href="#">May-19</a>	190304	74.15	74.64	73.09	73.13	-0.72	12,670	1,21,383	22
<a href="#">Jul-19</a>	190304	75.02	75.61	74.06	74.09	-0.76	4,648	43,028	737
<a href="#">Oct-19</a>	190304	73.69	73.69	73.69	73.69	-0.83	0	11	0
<a href="#">Dec-19</a>	190304	73.8	74.39	73.11	73.15	-0.63	2,573	47,636	107
<a href="#">Mar-20</a>	190304	74.98	75.5	74.26	74.26	-0.63	326	8,201	279
Total Volume and Open Interest							20,338	2,22,149	2,22,149

**Pakistan Cotton Spot rates: As on 04-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

#### **Disclaimer**

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