

Domestic Fundamentals:**Market Outlook:**

Indian spot market prices are witnessed mixed trend on Thursday, 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: *UK-based Cotton Outlook has pegged India's 2019-20 (Aug-Jul) cotton production at 6.13 mln tn, up 3% on year, the agency said in its monthly report. India's 2018-19 production estimate has been revised to 5.95 mln tn. Gujarat and Maharashtra are India's top cotton producers, accounting for 55% of the total output*

Indian cotton exporters are upbeat due to a spurt in demand for cotton from China, especially at a time when cotton exports to Pakistan have come to a halt due to the tensions between the two neighbours. According to trade estimates, Indian traders have contracted for export 5 lakh bales to China for shipments in the next two months.

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 light to moderate rains will continue over Northeast India, Gangetic West Bengal, Coastal Odisha. Light rains are expected over Jammu and Kashmir, Himachal Pradesh and few places of Uttarakhand and Coastal Andhra Pradesh. Heat wave conditions will develop in parts of Rayalaseema and interior Tamil Nadu with maximums touching almost 40-degree mark.

International Fundamentals:

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 US 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	0.19	20930	21300	20920	21010	1592	-579	13091	156
Apr-19	0.19	21270	21340	21220	21300	984	-286	3822	267
Spread	Mar-19			-	-	-	-	-	-
Spot	-40					-	-	-	-
Apr-19						-	-	-	-

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

* Updated at as on 07-Mar- 2019@5pm

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	07-Mar-19	06-Mar-19	
Gujarat	Ahmedabad	Shankar-6	5625	5675	-50
	Gondal	Shankar-6	5550	5535	15
	Rajkot	B.T. Cotton	5625	5615	10
	Patan	B.T. Cotton	NR	5580	-
	Kadi	B.T. Cotton	5700	5675	25
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5235	5280	-45
Haryana	Bhiwani	B.T. Cotton	5700	5700	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5525	5510	15
	Fatehabad	B.T. Cotton	5550	5550	Unch
	Jind	B.T. Cotton	5750	5775	-25
	Uchana	B.T. Cotton	5535	5530	5
	Dabwali	B.T. Cotton	NR	NR	-
Rajasthan	Hanumangarh	B.T. Cotton	Closed	Closed	-
	Rawatsar	B.T. Cotton	Closed	Closed	-
Madhya Pradesh	Khandwa	Mech-1	5550	5500	50
	Khargaon	Mech-1	5470	5515	-45
Maharashtra	Amravati	Mech-1	5475	5450	25
	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	5699	5679	20
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5500	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	07-Mar-19	06-Mar-19	
Punjab	Bhatinda	J-34	4470	4470	Unch
	Abohar	J-34	4475	4475	Unch
	Mansa	J-34	4440	4440	Unch
Haryana	Sirsa	J-34	4390	4385	5
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	07-Mar-19	06-Mar-19	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	660	907	-247
	Rajkot	B.T. Cotton	2020	2400	-380
	Patan	B.T. Cotton	NR	1792	-
	Kadi	B.T. Cotton	20000	25000	-5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	67	119	-52
Haryana	Bhiwani	B.T. Cotton	1500	1000	500
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	340	510	-170
	Fatehabad	B.T. Cotton	250	200	50
	Jind	B.T. Cotton	850	850	Unch
	Uchana	B.T. Cotton	4495	1740	2755
	Dabwali	B.T. Cotton	NR	NR	-
Rajasthan	Hanumangarh	B.T. Cotton	Closed	Closed	-
	Rawatsar	B.T. Cotton	Closed	Closed	-
Madhya Pradesh	Khandwa	Mech-1	625	418	207
	Khargaon	Mech-1	1660	1180	480
Maharashtra	Amravati	Mech-1	15000	10000	5000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	37790	-
Karnataka	Bijapur	Bunny	691	693	-2
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	352	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	07-Mar-19	06-Mar-19	
Punjab	Bhatinda	J-34	4250	3400	850
	Abohar	J-34	680	680	Unch
	Mansa	J-34	340	340	Unch
Haryana	Sirsa	J-34	1700	850	850
Rajasthan	Sri-Ganganagar	J-34	Closed	Closed	-

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	07-Mar-19	06-Mar-19	
Gujarat	Rajkot	Rs. /10 Kg.	725	725	Unch
Delhi	New Delhi	Rs. /10 Kg.	727	735	-8
Telangana	Hyderabad	Rs. /10 Kg.	700	710	-10
Maharashtra	Mumbai	Rs. /10 Kg.	743	743	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	07-Mar-19	06-Mar-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	1985	1985	Unch
Maharashtra	Akola	Rs./Qtl	1998	1994	4

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				06-Mar-19	04-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	41700	41200	500
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40700	40600	100
Shankar-6(105)	29mm	3.5 - 4.9	28	42200	42200	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43500	43300	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44500	44500	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	52600	50000	2600

INTERNATIONAL PRICES AND INDICES**China Cotton Index:**

Index	Unit	07-Mar-19	06-Mar-19	Change
CCIndex(328)	RMB/Ton	15543	15533	10
CCIndex(527)	RMB/Ton	14563	14550	13
CCIndex(229)	RMB/Ton	16005	15997	8

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

China Foreign Cotton (FCE) Index :

Index	Unit	07-Mar-19	06-Mar-19	Change
FC Index (S)	Cents/lb	87.67	87.9	-0.23
FC Index (M)	Cents/lb	84.06	84.22	-0.16
FC Index (L)	Cents/lb	81.43	81.74	-0.31

Cotlook Index:

Cotlook Indices	Unit	06-Mar-19	04-Mar-19	Change
A-Index	Cents/Pound	82.65	81.9	0.75

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		06-Mar-19	04-Mar-19	Bales
Southeast	cents/lb.	70.96	72.13	0
North Delta	cents/lb.	69.71	70.38	0
South Delta	cents/lb.	69.71	70.38	0
East TX-OK	cents/lb.	67.71	69.13	9742
West Texas	cents/lb.	67.71	69.38	11682
Desert SW	cents/lb.	66.96	69.88	0
SJ Valley	cents/lb.	67.46	75.28	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 March 06, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
Mar-19	190306	73.05	73.05	73.05	73.05	-0.4	5	46	-7
May-19	190306	74.6	74.9	74.05	74.21	-0.4	15,042	1,21,584	63
Jul-19	190306	75.4	75.72	74.91	75.22	-0.23	6,847	44,672	1,142
Oct-19	190306	74.12	74.12	74.12	74.12	-0.23	0	11	0
Dec-19	190306	73.64	73.82	73.36	73.56	-0.16	3,356	48,207	110
Mar-20	190306	74.37	74.59	74.3	74.44	-0.19	1,559	8,043	-192
Total Volume and Open Interest							26,839	2,24,385	1,139

Pakistan Cotton Spot rates: As on 07-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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