

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

Cotton prices expected to trade higher side due to exports demand from International markets especially from China. Moreover, raising domestic demand and procurement by CCI also support prices. However reports of CCI likely to start selling of its stock in first week of April may keep prices in range.

**News:** The latest estimates by the Indian Cotton Association pegs domestic cotton production at 328 lakh bales for the 2018-19 season, compared to its preliminary estimates of 348 lakh bales. The current year output is 10 percent lower than the 2017-18 season. Moreover, increasing probability of El nino is a concern for Indian monsoon, and thereby for the Kharif grown fibre crop.

**Short supply in local markets caused India to impose a ban on cotton exports.** The export ban for cotton was imposed with "immediate effect", a statement issued by the Indian Commerce Ministry. India has already exported 8.5 million bales (1.4 million tons) in the current financial year, which ends in March that is more than a government estimate of 8.4 million bales. It was also to ensure that India has enough cotton available locally and even rising demand for the commodity in China pushed up prices, threatening India's textile makers.

**Government has decided to reduce royalties paid by Indian seed companies to Monsanto** for its genetically modified (GM) cotton by 49 percent to 20 rupees for a packet of 450 grams, according to a farm ministry order. Cotton prices moved mostly higher in the international markets.

**Cotton prices may rebound and rise around 10% by July, according to a survey by the Cotton Association of India.** The survey was conducted on last week among 250 participants, including ginner, spinners, trade officials and brokerages, at the Cotton India 2019 International Conference. The participants in the survey pegged the spot price of Shankar-6 cotton, the top traded variety of the commodity, at 46,000-47,260 rupees a candy (1 candy = 356 kg), up from 42,000-43,500 rupees now.

**At present the current rate of 29mm good quality cotton is Rs. 42,000 per candy in the spot trade,** which was Rs. 41,000 per candy during same period of previous year. At this rate Indian cotton is having good parity for export. If this rate continues for another 45 days, we will achieve our export target of 50-53 lakh bales very easily.

**CCI is going to commence the sale of 1.1 million bales cotton procured in the 2018-2019 (October-September)** and we expect another 4-5 lakh bales would be procured in the coming weeks. Cotton procured sale may probably start from first week of the April. The government had raised the support price for cotton by 26% this year. Prices have improved 2-4% from the recent lows and currently hovering around 20,800 rupees per bale. Prices may rise even more as China started buying Indian cotton from last month.

**Shankar-6 (29mm cotton) variety is now trading around 43,500/candy** and may rise at least 8% in the coming days, due to expecting the low arrivals in coming days and also good demand witnessed from china after this pulwama tensions.

**Government set the maximum sale price for BT Cotton at Rs. 730 per packet** for bollgard BG- II version reduced by Rs.10 in the earlier year and also cuts the trait value (royalty) on BT Cotton by half to Rs. 20 for 2019-2020 fiscal year.

**Domestic prices traded firm during this week, mainly due to lower daily arrivals and good demand for Indian cotton from China.** All India cotton supplies are reported to be about 135 thousand bale per day. According to trade estimates, Indian traders have contracted for export 5 lakh bales to China for shipments in the next two months.

**CAI had estimated exports for the 2018-19 season to decline by 27 per cent to 50 lakh bales**, compared with the estimated exports of 69 lakh bales during last year. India's total cotton exports shipment is around 32 lakh bales up to February 2019. If this rate continues for another 45 days, we will achieve our export target of 50-53 lakh bales.

**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.

**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.

### **Weather Forecast for tomorrow:**

As another Western Disturbance will approach the Western Himalayas by March 25, dry weather will prevail over north and northwestern plains until then. Strong surface winds gusting 30-40 km/hr will prevail over the northwestern plains and eastern parts. Dry and slightly warm weather will prevail over these areas. Rain and thundershowers with squall and isolated moderate lightning may occur over Arunachal Pradesh, East Assam and Nagaland, while scattered over rest Northeast India. Isolated rain and thundershower may occur over Odisha. Central India will remain dry.

### **International Fundamentals:**

**ICE cotton futures slipped on Friday by 60 points** and notching its weekly gain. The most-active cotton contract on ICE Futures U.S., May, settled up at 1.43 percent closing at 76.58 cents per lb adding up 108 points from last Friday. Also the Cotlook A Index was UNCH on March 21 to 84.65 cents/lb.

**For 2019-20, the USDA expects a healthy increase in production to 126.5 million bales.** The global cotton market, which was earlier estimated to be in a deficit is expected to turn into a surplus in 2019-20. Mill-use is projected to increase at a rate near the long-term average next crop year to 125.5 million bales. US-China trade relations would continue to play a major role and the main catalyst for global cotton prices.

**According Pakistan Cotton ginners Association, the Pakistan cotton production fell 6.84 percent to 10.762 million bales** as of, March 15 from 11.5m in the corresponding period of last year. The textile spinning industry purchased 9.641 m bales as against 10.954 m in the corresponding period of last year.

**This month's 2018/19 world cotton estimates show higher production and ending stocks, and slightly lower trade.** Production is estimated up 350,000 bales in Brazil on higher area and 200,000 bales up in Pakistan based on arrivals at gins. Production is 100,000 bales lower in Australia due to weather. World trade is forecast 140,000 bales lower with reductions for Brazil and Indonesia on the export and import sides based on activity to date. Ending stocks for 2018/19 are forecast 590,000 bales higher this month, at 76.1 million bales. This would be 5.1 million bales below their revised 2017/18 level.

**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).



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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-19	0.56	21790	21820	21700	21730	2802	1614	11740	4814
Apr-19	0.56	21790	21820	21700	21730	2802	1704	11740	1417

Spread	Mar-19		-	-	--	--
Spot	0		-	-	-	-
Apr-19			-	-	-	-

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

\* Updated at as on 22-Mar- 2019@5pm

### DOMESTIC PRICES AND ARRIVAL

#### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	23-Mar-19	22-Mar-19	
Gujarat	Ahmedabad	Shankar-6	6150	6100	50
	Gondal	Shankar-6	6050	6025	25
	Rajkot	B.T. Cotton	6255	6100	155
	Patan	B.T. Cotton	5980	5980	Unch
	Kadi	B.T. Cotton	6150	6150	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5905	5855	50
Haryana	Bhiwani	B.T. Cotton	6300	6200	100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6100	6020	80
	Fatehabad	B.T. Cotton	6110	6025	85
	Jind	B.T. Cotton	6150	6140	10
	Uchana	B.T. Cotton	6155	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	6080	6050	30
	Rawatsar	B.T. Cotton	6060	6000	60
Madhya Pradesh	Khandwa	Mech-1	5645	6000	-355
	Khargaon	Mech-1	6020	6020	Unch
Maharashtra	Amravati	Mech-1	5700	5625	75
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5860	5760	100



Karnataka	Bijapur	Bunny	NA	6286	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5700	5550	150
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	23-Mar-19	22-Mar-19	
Punjab	Bhatinda	J-34	4690	4660	30
	Abohar	J-34	4700	4670	30
	Mansa	J-34	Closed	Closed	-
Haryana	Sirsa	J-34	4625	4580	45
Rajasthan	Sri-Ganganagar	J-34	4324	4277	47

### Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	23-Mar-19	22-Mar-19	
Gujarat	Ahmedabad	Shankar-6	42500	59500	-17000
	Gondal	Shankar-6	524	436	88
	Rajkot	B.T. Cotton	1550	1800	-250
	Patan	B.T. Cotton	2347	2470	-123
	Kadi	B.T. Cotton	15000	15000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	43	15	28
Haryana	Bhiwani	B.T. Cotton	400	400	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	510	255	255
	Fatehabad	B.T. Cotton	400	100	300
	Jind	B.T. Cotton	850	765	85
	Uchana	B.T. Cotton	1000	NA	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	700	300	400
	Rawatsar	B.T. Cotton	800	200	600
Madhya Pradesh	Khandwa	Mech-1	30	288	-258
	Khargaon	Mech-1	900	900	Unch
Maharashtra	Amravati	Mech-1	10000	6000	4000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	6600	24290	-17690
Karnataka	Bijapur	Bunny	NA	1727	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	232	105	127

Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	23-Mar-19	22-Mar-19	
Punjab	Bhatinda	J-34	2550	3400	-850
	Abohar	J-34	340	510	-170
	Mansa	J-34	Closed	Closed	-
Haryana	Sirsa	J-34	510	510	Unch
Rajasthan	Sri-Ganganagar	J-34	1500	2000	-500

**Cotton Seed Oil Prices:**

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	23-Mar-19	22-Mar-19	
Gujarat	Rajkot	Rs. /10 Kg.	740	750	-10
Delhi	New Delhi	Rs. /10 Kg.	713	715	-2
Telangana	Hyderabad	Rs. /10 Kg.	712	715	-3
Maharashtra	Mumbai	Rs. /10 Kg.	750	755	-5

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	23-Mar-19	22-Mar-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2324	2328	-4
Maharashtra	Akola	Rs./Qtl	2307	2300	7

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				22-Mar-19	21-Mar-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40400	40400	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40900	40900	Unch
J-34(202)	26mm	3.5 - 4.9	23	43600	41200	2400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42500	40600	1900
Shankar-6(105)	29mm	3.5 - 4.9	28	44100	42200	1900
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	45000	43300	1700
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	46000	44500	1500
DCH-32(107)	34mm	3.0 - 3.8	33	54600	50000	4600

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

Index	Unit	23-Mar-19	22-Mar-19	Change
CCIndex(328)	RMB/Ton	Closed	15618	-

### China Foreign Cotton (FCE) Index :

## Cotlook Index:

### USDA Cotton Spot Rates:

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 22, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									

<a href="#">19-May</a>	190322	77	77.59	76.05	76.58	-0.6	11,184	104,839	-1,448
<a href="#">19-Jul</a>	190322	77.9	78.44	77.06	77.57	-0.46	7,661	49,752	-28
<a href="#">19-Oct</a>	190322	75.86	75.86	75.86	75.86	-0.06	1	8	-1
<a href="#">19-Dec</a>	190322	75	75.45	74.96	75.3	-0.03	4,839	58,308	555
<a href="#">20-Mar</a>	190322	76.05	76.22	75.96	76.09	0.04	322	8,154	96
<a href="#">20-May</a>	190322	76.31	76.4	76.31	76.4	0.08	9	434	-6
Total Volume and Open Interest							24,050	223,461	-805

### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2019 Indian Agribusiness Systems Pvt. Ltd.