

**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: Cotton acreage fell drastically, due to water shortage, in key growing regions of Gujarat, Maharashtra and Karnataka, which together account for about half of the country's production. Cotton prices are steadily moving up even as about 70 per cent of the estimated crop have already arrived in the market. Since early March, prices have strengthened by Rs.3,000 a candy (of 356 kg each) to Rs.44,500 now.***

***Daily cotton arrivals have declined to about 80,000-90,000 bales as against 1.3 lakh bales last year. Also the market price of raw cotton or kapas gained 10 per cent above the minimum support price (MSP) at Rs.5,850-5,900 a quintal after CCI bought about 12 lakh bales. And Nearly 90 lakh bales of the fibre is lying in stocks, of which mills have about 45 lakh bales, while the remaining is with corporates, CCI, ginners and MCX.***

***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 ginners, 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:**

*Heat wave conditions are likely to prevail at isolated pockets over coastal areas of Gujarat during next 48 hours and over Madhya Pradesh and south Uttar Pradesh on 27th and 28th March. No significant change in maximum temperatures is likely over south Peninsula and adjoining central India during next 2-3 days. They are likely to rise gradually by 3-4°C over northwest India during next 3 days.*

### **International Fundamentals:**

***The front-month cotton contract on ICE Futures US, settled up 0.16 cent, or 0.21 percent, at 77.89 cents per lb. after hitting the highest price for the year, at 77.98 cents, earlier in the session. ICE cotton futures hit their highest level in 2019 on Tuesday due to unfavourable weather conditions in West Texas, the biggest cotton-growing region in the United States, amid hopes of progress in US-China trade talks.***

***U.S. shippers sold only 125,000 bales, but shipments were better than the prior week at 350,100 upland bales but were still below the average needed to hit the USDA target. Nevertheless, sales and shipments are expected to be better next week.***

***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 UPLAND sales of 1,25,000 RB for 2018- 2019 were reported for Vietnam (84,700 RB, including 35,800 RB switched from China, 400 RB switched from Taiwan, and decreases of 100 RB), Turkey (21,500 RB), India (16,300 RB), Pakistan (10,300 RB), and Bangladesh (5,100 RB). Reductions were reported for China (11,600 RB), Hong Kong (6,600 RB), Malaysia (4,200 RB), Indonesia (4,000 RB).

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Mar	0.56	21350	21480	21390	21340	796	-1160	1971	-605
19-Apr	0.56	21690	21820	21730	21680	1565	-1738	15694	648
Spread	Mar-19			-	-	-	--	--	--
Spot	20			-	-	-	-	-	-
Apr-19				-	-	-	-	-	-

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

\* Updated at as on 27-Mar- 2019@5pm

#### DOMESTIC PRICES AND ARRIVAL

##### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	27-Mar-19	26-Mar-19	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	Closed	Closed	-
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	6000	6000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	Closed	Closed	-
Haryana	Bhiwani	B.T. Cotton	6270	6300	-30
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6040	6100	-60

	Fatehabad	B.T. Cotton	6080	6125	-45
	Jind	B.T. Cotton	NR	6300	-
	Uchana	B.T. Cotton	6157	6203	-46
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	6150	6125	25
	Rawatsar	B.T. Cotton	6050	6050	Unch
Madhya Pradesh	Khandwa	Mech-1	6156	NR	-
	Khargaon	Mech-1	6135	NR	-
Maharashtra	Amravati	Mech-1	5750	5800	-50
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5920	5860	60
Karnataka	Bijapur	Bunny	6489	6409	80
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6050	6121	-71
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	27-Mar-19	26-Mar-19	
Punjab	Bhatinda	J-34	4700	4730	-30
	Abohar	J-34	4745	4740	5
	Mansa	J-34	4725	4700	25
Haryana	Sirsa	J-34	4670	4660	10
Rajasthan	Sri-Ganganagar	J-34	4371	4465	-94

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	27-Mar-19	26-Mar-19	
Gujarat	Ahmedabad	Shankar-6	Closed	Closed	-
	Gondal	Shankar-6	Closed	Closed	-
	Rajkot	B.T. Cotton	Closed	Closed	-
	Patan	B.T. Cotton	Closed	Closed	-
	Kadi	B.T. Cotton	20000	20000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	Closed	Closed	-
Haryana	Bhiwani	B.T. Cotton	500	700	-200
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	255	340	-85
	Fatehabad	B.T. Cotton	250	350	-100

	Jind	B.T. Cotton	NR	451	-
	Uchana	B.T. Cotton	1400	1160	240
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	250	500	-250
	Rawatsar	B.T. Cotton	400	800	-400
Madhya Pradesh	Khandwa	Mech-1	396	NR	-
	Khargaon	Mech-1	660	NR	-
Maharashtra	Amravati	Mech-1	15000	13000	2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	26740	15330	11410
Karnataka	Bijapur	Bunny	3266	2925	341
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	570	435	135
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	27-Mar-19	26-Mar-19	
Punjab	Bhatinda	J-34	2550	2550	Unch
	Abohar	J-34	340	340	Unch
	Mansa	J-34	340	510	-170
Haryana	Sirsa	J-34	510	680	-170
Rajasthan	Sri-Ganganagar	J-34	1000	1500	-500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	27-Mar-19	26-Mar-19	
Gujarat	Rajkot	Rs. /10 Kg.	735	735	Unch
Delhi	New Delhi	Rs. /10 Kg.	710	710	Unch
Telangana	Hyderabad	Rs. /10 Kg.	715	715	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	752	752	Unch

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	27-Mar-19	26-Mar-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2357	2388	-31
Maharashtra	Akola	Rs./Qtl	2339	2358	-19

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				26-Mar-19	25-Mar-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	40900	40400	500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41400	40900	500
J-34(202)	26mm	3.5 - 4.9	23	44600	41200	3400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	43000	40600	2400
Shankar-6(105)	29mm	3.5 - 4.9	28	44500	42200	2300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	45500	43300	2200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	46500	44500	2000
DCH-32(107)	34mm	3.0 - 3.8	33	55500	50000	5500

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

Index	Unit	27-Mar-19	26-Mar-19	Change
CCIndex(328)	RMB/Ton	15625	15625	Unch
CCIndex(527)	RMB/Ton	14646	14649	-3
CCIndex(229)	RMB/Ton	16055	16056	-1
RMB -Renminbi, 1RMB =0.16 \$U.S.				

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

Index	Unit	27-Mar-19	26-Mar-19	Change
FC Index (S)	Cents/lb	91.7	91.51	0.19
FC Index (M)	Cents/lb	87.24	87	0.24
FC Index (L)	Cents/lb	84.99	84.79	0.20

**Cotlook Index:**

Cotlook Indices	Unit	26-Mar-19	24-Mar-19	Change
A-Index	Cents/Pound	87.05	#N/A	-

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		26-Mar-19	24-Mar-19	Bales
Southeast	cents/lb.	74.64	#N/A	#N/A
North Delta	cents/lb.	73.39	#N/A	#N/A

South Delta	cents/lb.	73.39	#N/A	#N/A
East TX-OK	cents/lb.	71.64	#N/A	#N/A
West Texas	cents/lb.	71.64	#N/A	#N/A
Desert SW	cents/lb.	70.64	#N/A	#N/A
SJ Valley	cents/lb.	71.14	#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

Pakistan Cotton Spot rates: As on 26-Mar-2019				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8700	160	8860
Equivalent	40 Kgs	9324	171	9495

Daily Futures Price Listing Tue March 26, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">19-May</a>	190326	77.63	77.98	77.42	77.89	0.16	18,916	102,799	-414
<a href="#">19-Jul</a>	190326	78.41	78.87	78.19	78.78	0.27	9,979	52,751	1,710
<a href="#">19-Oct</a>	190326	76.5	76.5	76.5	76.5	0.35	0	7	0
<a href="#">19-Dec</a>	190326	75.5	75.97	75.44	75.97	0.24	4,297	58,791	414
<a href="#">20-Mar</a>	190326	76.5	76.68	76.23	76.68	0.23	95	8,173	7
<a href="#">20-May</a>	190326	76.79	76.91	76.79	76.91	0.2	5	445	0
Total Volume and Open Interest							33,319	225,036	1,729

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