

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 also 4-5 lakh bales is going to be procured by CCI.

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:

Day maximum temperatures are likely to rise by 2-3°C over Northwest & East India during next 3 days. The prevailing maximum temperatures between 38°C to 40°C are likely to continue over some parts of Maharashtra and at isolated pockets over peninsular India during next 3 days. No heat wave conditions are likely over the country during next 3 days.

International Fundamentals:

US cotton exports during January totaled 1.225 million bales according to Census data. That was 25.5% larger than December exports but 25.63% below the January 2018.

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	21200	21250	21140	21280	673	-123	1559	-412
19-Apr	0.56	21520	21540	21450	21600	2621	-1056	15836	142
Spread	Mar-19			-	-	--	--		
Spot	-290				-	-	-		
Apr-19					-	-	-		

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

* Updated at as on 28-Mar- 2019@5pm

DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	28-Mar-19	27-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	6050	6000	50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	Closed	Closed	-
Haryana	Bhiwani	B.T. Cotton	6250	6270	-20
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6000	6040	-40
	Fatehabad	B.T. Cotton	6045	6080	-35
	Jind	B.T. Cotton	6250	NR	-

	Uchana	B.T. Cotton	6070	6157	-87
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	6100	6150	-50
	Rawatsar	B.T. Cotton	6000	6050	-50
Madhya Pradesh	Khandwa	Mech-1	6112	6156	-44
	Khargaon	Mech-1	6180	6135	45
Maharashtra	Amravati	Mech-1	5750	5750	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5850	5920	-70
Karnataka	Bijapur	Bunny	NA	6489	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6100	6050	50
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	28-Mar-19	27-Mar-19	
Punjab	Bhatinda	J-34	4725	4700	25
	Abohar	J-34	4720	4745	-25
	Mansa	J-34	4700	4725	-25
Haryana	Sirsa	J-34	4650	4670	-20
Rajasthan	Sri-Ganganagar	J-34	4418	4371	47

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	28-Mar-19	27-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	400	500	-100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	340	255	85
	Fatehabad	B.T. Cotton	400	250	150
	Jind	B.T. Cotton	350	NR	-
	Uchana	B.T. Cotton	1500	1400	100

	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	500	250	250
	Rawatsar	B.T. Cotton	200	400	-200
Madhya Pradesh	Khandwa	Mech-1	702	396	306
	Khargaon	Mech-1	1270	660	610
Maharashtra	Amravati	Mech-1	13000	15000	-2000
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	22840	26740	-3900
Karnataka	Bijapur	Bunny	NA	3266	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	637	570	67
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	28-Mar-19	27-Mar-19	
Punjab	Bhatinda	J-34	2550	2550	Unch
	Abohar	J-34	425	340	85
	Mansa	J-34	680	340	340
Haryana	Sirsa	J-34	510	510	Unch
Rajasthan	Sri-Ganganagar	J-34	1000	1000	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	28-Mar-19	27-Mar-19	
Gujarat	Rajkot	Rs. /10 Kg.	730	735	-5
Delhi	New Delhi	Rs. /10 Kg.	710	710	Unch
Telangana	Hyderabad	Rs. /10 Kg.	715	715	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	750	752	-2

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	28-Mar-19	27-Mar-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2353	2357	-4
Maharashtra	Akola	Rs./Qtl	2336	2339	-3

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				27-Mar-19	26-Mar-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	41200	40400	800
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	41700	40900	800
J-34(202)	26mm	3.5 - 4.9	23	44800	41200	3600
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	28-Mar-19	27-Mar-19	Change
CCIndex(328)	RMB/Ton	15636	15625	11
CCIndex(527)	RMB/Ton	14652	14646	6
CCIndex(229)	RMB/Ton	16063	16055	8

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

China Foreign Cotton (FCE) Index :

Index	Unit	28-Mar-19	27-Mar-19	Change
FC Index (S)	Cents/lb	91.54	91.7	-0.16
FC Index (M)	Cents/lb	86.9	87.24	-0.34
FC Index (L)	Cents/lb	84.67	84.99	-0.32

Cotlook Index:

Cotlook Indices	Unit	27-Mar-19	26-Mar-19	Change
A-Index	Cents/Pound	87.3	87.05	0.25

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		27-Mar-19	25-Mar-19	Bales
Southeast	cents/lb.	NR	76.73	0
North Delta	cents/lb.	NR	74.98	273
South Delta	cents/lb.	NR	74.98	0
East TX-OK	cents/lb.	NR	73.98	2210



West Texas	cents/lb.	NR	74.23	4485
Desert SW	cents/lb.	NR	74.48	0
SJ Valley	cents/lb.	NR	79.88	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

Pakistan Cotton Spot rates: As on 27-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 Wed March 27, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-May	190327	77.75	77.77	76.59	76.95	-0.94	18,749	98,123	-4,676
19-Jul	190327	78.64	78.67	77.62	77.92	-0.86	10,631	56,215	3,464
19-Oct	190327	76.48	76.48	76.19	76.19	-0.31	3	8	1
19-Dec	190327	75.9	75.94	75.12	75.5	-0.47	4,005	59,667	876
20-Mar	190327	76.52	76.53	75.91	76.24	-0.44	153	8,220	47
20-May	190327	76.47	76.47	76.47	76.47	-0.44	36	453	8
Total Volume and Open Interest							33,606	224,778	-258

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