

### 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:** *The area under cotton is seen rising to 350,000 ha, compared with 275,000 ha in 2018-19. As the acreage under paddy is seen declining due to shift in acreage to maize and cotton as the underground water table level is reducing in the state like Punjab. Sowing of cotton normally starts late April in irrigated areas of north India, while in rain-fed regions of the country, it starts in June.*

**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.**

**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. 44,300 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.*

***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 38 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.

### **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:**

***The front-month cotton contract on ICE Futures U.S. , settled down 1.08 cents, or 1.40 percent, at 75.87 cents per lb on Thursday.*** The front-month contract hit its lowest level since March 21 at 75.52 cents per lb in the session.

***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	21010	21080	20890	21020	870	197	1448	-111
19-Apr	0.56	21300	21400	21170	21310	2351	-270	15560	-276
Spread	Mar-19			-	-	-	--	--	--
Spot	-320			-	-	-	-	-	-
Apr-19				-	-	-	-	-	-

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

\* Updated at as on 29-Mar- 2019@5pm

### DOMESTIC PRICES AND ARRIVAL

#### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	29-Mar-19	28-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	6050	-50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	Closed	Closed	-
Haryana	Bhiwani	B.T. Cotton	6250	6250	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	5970	6000	-30
	Fatehabad	B.T. Cotton	5970	6045	-75
	Jind	B.T. Cotton	6200	6250	-50
	Uchana	B.T. Cotton	5999	6070	-71
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	6000	6100	-100
	Rawatsar	B.T. Cotton	5900	6000	-100
Madhya Pradesh	Khandwa	Mech-1	6150	6112	38
	Khargaon	Mech-1	6135	6180	-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	5760	5850	-90
Karnataka	Bijapur	Bunny	6361	6459	-98
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6050	6100	-50
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	29-Mar-19	28-Mar-19	
Punjab	Bhatinda	J-34	4700	4725	-25
	Abohar	J-34	4680	4720	-40
	Mansa	J-34	4675	4700	-25
Haryana	Sirsa	J-34	4600	4650	-50
Rajasthan	Sri-Ganganagar	J-34	4465	4418	47

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	29-Mar-19	28-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	15000	20000	-5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	Closed	Closed	-
Haryana	Bhiwani	B.T. Cotton	300	400	-100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	298	340	-43
	Fatehabad	B.T. Cotton	400	400	Unch
	Jind	B.T. Cotton	451	350	100
	Uchana	B.T. Cotton	1200	1500	-300
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	200	500	-300
	Rawatsar	B.T. Cotton	300	200	100
Madhya Pradesh	Khandwa	Mech-1	558	702	-144
	Khargaon	Mech-1	1410	1270	140
Maharashtra	Amravati	Mech-1	13000	13000	Unch

	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	29510	22840	6670
Karnataka	Bijapur	Bunny	1746	2648	-902
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	360	637	-277
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	29-Mar-19	28-Mar-19	
Punjab	Bhatinda	J-34	2550	2550	Unch
	Abohar	J-34	340	425	-85
	Mansa	J-34	340	680	-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	29-Mar-19	28-Mar-19	
Gujarat	Rajkot	Rs. /10 Kg.	725	730	-5
Delhi	New Delhi	Rs. /10 Kg.	705	710	-5
Telangana	Hyderabad	Rs. /10 Kg.	710	715	-5
Maharashtra	Mumbai	Rs. /10 Kg.	740	750	-10

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	29-Mar-19	28-Mar-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2365	2353	12
Maharashtra	Akola	Rs./Qtl	2339	2336	3

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				28-Mar-19	27-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	44600	41200	3400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	42800	40600	2200
Shankar-6(105)	29mm	3.5 - 4.9	28	44200	42200	2000

Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	45400	43300	2100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	46400	44500	1900
DCH-32(107)	34mm	3.0 - 3.8	33	55200	50000	5200

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

Index	Unit	29-Mar-19	28-Mar-19	Change
CCIndex(328)	RMB/Ton	15626	15636	-10
CCIndex(527)	RMB/Ton	14652	14652	Unch
CCIndex(229)	RMB/Ton	16055	16063	-8
RMB -Renminbi, 1RMB =0.16 \$U.S.				

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

Index	Unit	29-Mar-19	28-Mar-19	Change
FC Index (S)	Cents/lb	90.78	91.54	-0.76
FC Index (M)	Cents/lb	85.9	86.9	-1.00
FC Index (L)	Cents/lb	83.7	84.67	-0.97

**Cotlook Index:**

Cotlook Indices	Unit	28-Mar-19	27-Mar-19	Change
A-Index	Cents/Pound	86.3	87.3	-1.00

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		28-Mar-19	26-Mar-19	Bales
Southeast	cents/lb.	72.62	76.89	0
North Delta	cents/lb.	71.37	75.14	0
South Delta	cents/lb.	71.37	75.14	0
East TX-OK	cents/lb.	69.62	74.14	11394
West Texas	cents/lb.	69.62	74.39	7440
Desert SW	cents/lb.	68.62	74.64	35
SJ Valley	cents/lb.	69.12	80.04	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 Thu March 28, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">19-May</a>	190328	76.95	77.15	75.52	75.87	-1.08	14,679	97,181	-942
<a href="#">19-Jul</a>	190328	77.91	78.07	76.53	76.88	-1.04	8,905	57,517	1,302
<a href="#">19-Oct</a>	190328	75.28	75.28	75.28	75.28	-0.91	0	8	0
<a href="#">19-Dec</a>	190328	75.5	75.58	74.45	74.84	-0.66	5,064	61,024	1,357
<a href="#">20-Mar</a>	190328	76.15	76.25	75.25	75.6	-0.64	254	8,261	41
<a href="#">20-May</a>	190328	75.8	75.82	75.8	75.82	-0.65	28	455	2
Total Volume and Open Interest							29,007	226,594	1,816

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