

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 started selling of its stock from last week of March may keep prices in range also 4-5 lakh bales is going to be procured by CCI.

News: CCI has commenced the sale of 1.1 million bales cotton procured in the 2018-2019 (October-September) of which around 10,000 bales have already been sold at the rate of Rs.47,000/candy via e-auction so far in the physical market of Telangana and Maharashtra said the state agency.

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. According to CCI, about 235 lakh bales (of 170 kg each) cotton have arrived in the market as on March 15.

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.

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:

ICE cotton futures rose more than 2 percent on Friday as a report from the U.S. Department of Agriculture (USDA) showed a drop in acreage for the natural fiber in 2019. The front-month cotton contract on ICE Futures U.S., rose 1.78 cent, or 2.35 percent, at 77.65 cents per lb.

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 | 30-Mar-19 | 29-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 | 6100 | 6000 | 100 |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | Closed | Closed | - |
| Haryana | Bhiwani | B.T. Cotton | 6280 | 6250 | 30 |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 6020 | 5970 | 50 |
| | Fatehabad | B.T. Cotton | 6060 | 5970 | 90 |
| | Jind | B.T. Cotton | 6300 | 6200 | 100 |
| | Uchana | B.T. Cotton | 5930 | 5999 | -69 |
| | Dabwali | B.T. Cotton | NA | NA | - |
| Rajasthan | Hanumangarh | B.T. Cotton | 6050 | 6000 | 50 |
| | Rawatsar | B.T. Cotton | 6000 | 5900 | 100 |
| Madhya Pradesh | Khandwa | Mech-1 | 6180 | 6150 | 30 |
| | Khargaon | Mech-1 | 6150 | 6135 | 15 |
| Maharashtra | Amravati | Mech-1 | 5800 | 5750 | 50 |
| | Jamner | Medium Staple | NA | NA | - |

| | | | | | |
|---------------|----------------|-------------|----------------------|-----------|--------|
| Uttar Pradesh | Hathras | B.T. Cotton | NA | NA | - |
| | Hathras | Desi | NA | NA | - |
| Telangana | Adilabad | Un-Ginned | 5800 | 5760 | 40 |
| Karnataka | Bijapur | Bunny | 6359 | 6361 | -2 |
| | Hubli | D.C.H. | NA | NA | - |
| | Hubli | B.T. Cotton | NA | NA | - |
| | Raichur | H-44 Cotton | 6090 | 6050 | 40 |
| Commodity | Lint | | Prices (Rs./Maunder) | | Change |
| State | Centre | Variety | 30-Mar-19 | 29-Mar-19 | |
| Punjab | Bhatinda | J-34 | 4720 | 4700 | 20 |
| | Abohar | J-34 | 4725 | 4680 | 45 |
| | Mansa | J-34 | 4690 | 4675 | 15 |
| Haryana | Sirsa | J-34 | 4650 | 4600 | 50 |
| Rajasthan | Sri-Ganganagar | J-34 | 4465 | 4465 | Unch |

Cotton Arrivals in Key Centers:

| Commodity | Kapas | | Arrivals (Quintal) | | Change |
|----------------|-------------|---------------|--------------------|-----------|--------|
| State | Centre | Variety | 30-Mar-19 | 29-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 | 15000 | Unch |
| | Deesa | B.T. Cotton | NA | NA | - |
| | Dhrol | B.T. Cotton | Closed | Closed | - |
| Haryana | Bhiwani | B.T. Cotton | 550 | 300 | 250 |
| | Bhiwani | Desi | NA | NA | - |
| | Adampur | B.T. Cotton | 340 | 298 | 43 |
| | Fatehabad | B.T. Cotton | 300 | 400 | -100 |
| | Jind | B.T. Cotton | 374 | 451 | -77 |
| | Uchana | B.T. Cotton | 1300 | 1200 | 100 |
| | Dabwali | B.T. Cotton | NA | NA | - |
| Rajasthan | Hanumangarh | B.T. Cotton | 200 | 200 | Unch |
| | Rawatsar | B.T. Cotton | 150 | 300 | -150 |
| Madhya Pradesh | Khandwa | Mech-1 | 540 | 558 | -18 |
| | Khargaon | Mech-1 | 1200 | 1410 | -210 |
| Maharashtra | Amravati | Mech-1 | 3000 | 13000 | -10000 |
| | Jamner | Medium Staple | NA | NA | - |
| Uttar Pradesh | Hathras | B.T. Cotton | NA | NA | - |

| | Hathras | Desi | NA | NA | - |
|-----------|----------------|-------------|--------------------|-----------|--------|
| Telangana | Adilabad | Un-Ginned | 28040 | 29510 | -1470 |
| Karnataka | Bijapur | Bunny | 1044 | 1746 | -702 |
| | Hubli | D.C.H. | NA | NA | - |
| | Hubli | B.T. Cotton | NA | NA | - |
| | Raichur | H-44 Cotton | 607 | 360 | 247 |
| Commodity | Lint | | Arrivals (Quintal) | | Change |
| State | Centre | Variety | 30-Mar-19 | 29-Mar-19 | |
| Punjab | Bhatinda | J-34 | 2550 | 2550 | Unch |
| | Abohar | J-34 | 170 | 340 | -170 |
| | Mansa | J-34 | 340 | 340 | Unch |
| 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 | 30-Mar-19 | 29-Mar-19 | |
| Gujarat | Rajkot | Rs. /10 Kg. | 725 | 725 | Unch |
| Delhi | New Delhi | Rs. /10 Kg. | 702 | 705 | -3 |
| Telangana | Hyderabad | Rs. /10 Kg. | 710 | 710 | Unch |
| Maharashtra | Mumbai | Rs. /10 Kg. | 740 | 740 | Unch |

Cotton Seed Oil Seed Cake Prices:

| Commodity | Cotton Seed Oil Seed Cake | | Price | | Change |
|-------------|---------------------------|---------|-----------|-----------|--------|
| State | Centre | Unit | 30-Mar-19 | 29-Mar-19 | |
| Gujarat | Mahesana (Kadi) | Rs./Qtl | 2372 | 2365 | 7 |
| Maharashtra | Akola | Rs./Qtl | 2342 | 2339 | 3 |

Cotton Association of India Spot Rates:

| Trade Name | Staple | Micronaire | Strength/ | Rs. Per | Rs. Per | Change |
|------------|--------|------------|-----------|---------|---------|--------|
|------------|--------|------------|-----------|---------|---------|--------|

| | | | GPT | Candy | Candy | |
|---------------------------------------|------------|-----------|-----|-----------|-----------|------|
| | | | | 29-Mar-19 | 28-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 | 44700 | 41200 | 3500 |
| H-4/ MECH-1(105) | 28mm | 3.5 - 4.9 | 27 | 43000 | 40600 | 2400 |
| Shankar-6(105) | 29mm | 3.5 - 4.9 | 28 | 44300 | 42200 | 2100 |
| Bunny/ Brahma(105) | 31mm | 3.5 - 4.9 | 30 | 45600 | 43300 | 2300 |
| MCU-5/ Surabhi(106) | 32mm | 3.3 - 4.9 | 31 | 46600 | 44500 | 2100 |
| DCH-32(107) | 34mm | 3.0 - 3.8 | 33 | 55000 | 50000 | 5000 |

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

| Index | Unit | 30-Mar-19 | 29-Mar-19 | Change |
|----------------------------------|---------|-----------|-----------|--------|
| CCIndex(328) | RMB/Ton | Closed | 15626 | - |
| CCIndex(527) | RMB/Ton | Closed | 14652 | - |
| CCIndex(229) | RMB/Ton | Closed | 16055 | - |
| RMB -Renminbi, 1RMB =0.16 \$U.S. | | | | |

China Foreign Cotton (FCE) Index :

| Index | Unit | 30-Mar-19 | 29-Mar-19 | Change |
|--------------|----------|-----------|-----------|--------|
| FC Index (S) | Cents/lb | Closed | 90.78 | - |
| FC Index (M) | Cents/lb | Closed | 85.9 | - |
| FC Index (L) | Cents/lb | Closed | 83.7 | - |

Cotlook Index:

| Cotlook Indices | Unit | 29-Mar-19 | 28-Mar-19 | Change |
|-----------------|-------------|-----------|-----------|--------|
| A-Index | Cents/Pound | NR | 86.3 | - |

USDA Cotton Spot Rates:

| Growth Area | Unit | Leaf 4 to Staple 34 | Leaf 3 to Staple 35 | Arrivals |
|-------------|-----------|---------------------|---------------------|----------|
| | | 29-Mar-19 | 29-Mar-19 | Bales |
| Southeast | cents/lb. | 74.36 | 76.61 | 0 |
| North Delta | cents/lb. | 73.11 | 74.86 | 0 |
| South Delta | cents/lb. | 73.11 | 74.86 | 0 |
| East TX-OK | cents/lb. | 71.36 | 73.86 | 7287 |
| West Texas | cents/lb. | 71.36 | 74.11 | 3688 |

| | | | | |
|-----------|-----------|-------|-------|---|
| Desert SW | cents/lb. | 70.36 | 74.36 | 0 |
| SJ Valley | cents/lb. | 70.36 | 79.76 | 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 29-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 29, 2019 | | | | | | | | | |
|--|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Most Recent Information | | | | | | | Previous Day | | |
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Cotton(ICE) | | | | | | | | | |
| 19-May | 190328 | 76.95 | 77.15 | 75.52 | 75.87 | -1.08 | 14,679 | 97,181 | -942 |
| 19-Jul | 190328 | 77.91 | 78.07 | 76.53 | 76.88 | -1.04 | 8,905 | 57,517 | 1,302 |
| 19-Oct | 190328 | 75.28 | 75.28 | 75.28 | 75.28 | -0.91 | 0 | 8 | 0 |
| 19-Dec | 190328 | 75.5 | 75.58 | 74.45 | 74.84 | -0.66 | 5,064 | 61,024 | 1,357 |
| 20-Mar | 190328 | 76.15 | 76.25 | 75.25 | 75.6 | -0.64 | 254 | 8,261 | 41 |
| 20-May | 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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