

Domestic Fundamentals:**Market Outlook:**

Cotton prices expected to stay firm as the crop has been short by 10-12% over last year and due to exports demand from International markets especially from China. Moreover, raising domestic demand and procurement by CCI also support prices. Currently prices are ruling above MSP which depicts that the traders are actively procuring cotton at competitive rates. However reports of CCI started selling of its stock from last week of March may keep prices in range.

News: According to CCI, market arrivals of cotton stood at 254 lakh bales of 170 kg each till 1st April against a target of 328 lakh bales this season. Further decline has been seen as on April 2, market arrivals stood at 75,000 bales as against 1.35 lakh bales on the same day last year.

At present the current rate of 29mm good quality cotton is Rs. 44,800 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 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.

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:

Heat wave to severe heat wave conditions are very likely in some parts of Madhya Pradesh and Marathwada during next 2-3 days. Heat wave conditions are also likely to prevail in some parts/at isolated pockets over Rajasthan, Gujarat, remaining parts of interior Maharashtra, Chhattisgarh, Uttar Pradesh and southern parts of Haryana upto 4th April, and over Rayalaseema, south Coastal Andhra Pradesh and Tamilnadu during next 2 days.

International Fundamentals:

For Monday, May 19 Cotton closed at 77.270, down 9 points. The Cotlook A Index was down up 175 points at 87.05 on April 1. The USDA Adjusted World Price (AWP) is 68.23 cents/lb, good through Thursday.

Consumption in China is projected to increase 1% to 8.5 million tonnes in 2019-20. Consumption is expected to grow in Vietnam by 3% to 1.6 million tonnes. Consumption in China is projected to increase 1% to 8.5 million tonnes. Consumption is expected to grow in Vietnam by 3% to 1.6 million tonnes in the coming season.

Area increases are expected in the major producing countries including the United States, China, India and Pakistan as well as in several West African countries. Area in Pakistan is projected to reach nearly 3 million hectares with strong support by the government to increase production. Area in India is forecast to reach over 12 million hectares this season with yields unlikely to rise above 500 kg/ha due to expected damage from pink bollworm as a likely consequence of an extended crop season.

World cotton prices further lower due to delay in outcome of US-China trade negotiations had adversely been impacting trade whereas Indian market was steady. USDA indicated that 4% of the US cotton crop is planted (15 tracking states). That is ahead of the five year average of 3% but behind last year's 6%.

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.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Apr	0.56	21820	21980	21810	21740	2825	176	16067	140
19-May	0.56	22130	22260	22130	22030	865	322	2895	212
Spread	Mar-19			-	-	-	--	--	--
Spot	-280				-	-	-	-	-
Apr-19					-	-	-	-	-

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

* Updated at as on 03-Apr- 2019@5pm

DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	3-Apr-19	2-Apr-19	
Gujarat	Ahmedabad	Shankar-6	6250	6250	Unch
	Gondal	Shankar-6	6165	6150	15
	Rajkot	B.T. Cotton	6250	6225	25
	Patan	B.T. Cotton	6190	6100	90
	Kadi	B.T. Cotton	6250	6200	50
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5970	6015	-45
Haryana	Bhiwani	B.T. Cotton	6350	6300	50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6150	6120	30
	Fatehabad	B.T. Cotton	6170	6150	20
	Jind	B.T. Cotton	6350	6240	110
	Uchana	B.T. Cotton	6163	6190	-27
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	6200	6200	Unch
	Rawatsar	B.T. Cotton	6100	6100	Unch
Madhya Pradesh	Khandwa	Mech-1	6200	6100	100
	Khargaon	Mech-1	6245	6185	60

Maharashtra	Amravati	Mech-1	6100	5850	250
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	6419	6386	33
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6170	6130	40
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	3-Apr-19	2-Apr-19	
Punjab	Bhatinda	J-34	4810	4790	20
	Abohar	J-34	4820	4790	30
	Mansa	J-34	4785	4750	35
Haryana	Sirsa	J-34	4730	4720	10
Rajasthan	Sri-Ganganagar	J-34	4418	4418	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	3-Apr-19	2-Apr-19	
Gujarat	Ahmedabad	Shankar-6	34000	34000	Unch
	Gondal	Shankar-6	628	137	491
	Rajkot	B.T. Cotton	2000	1700	300
	Patan	B.T. Cotton	4975	3572	1403
	Kadi	B.T. Cotton	20000	20000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	32	59	-27
Haryana	Bhiwani	B.T. Cotton	500	500	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	340	425	-85
	Fatehabad	B.T. Cotton	200	200	Unch
	Jind	B.T. Cotton	493	201	292
	Uchana	B.T. Cotton	1210	1250	-40
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	200	150	50
	Rawatsar	B.T. Cotton	200	400	-200
Madhya Pradesh	Khandwa	Mech-1	478	590	-112
	Khargaon	Mech-1	1690	805	885
Maharashtra	Amravati	Mech-1	6000	14000	-8000

	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NR	NR	-
Karnataka	Bijapur	Bunny	1705	1496	209
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	292	277	15
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	3-Apr-19	2-Apr-19	
Punjab	Bhatinda	J-34	2040	2550	-510
	Abohar	J-34	425	340	85
	Mansa	J-34	510	510	Unch
Haryana	Sirsa	J-34	680	680	Unch
Rajasthan	Sri-Ganganagar	J-34	500	1000	-500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	3-Apr-19	2-Apr-19	
Gujarat	Rajkot	Rs. /10 Kg.	740	740	Unch
Delhi	New Delhi	Rs. /10 Kg.	710	702	8
Telangana	Hyderabad	Rs. /10 Kg.	720	720	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	748	740	8

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	3-Apr-19	2-Apr-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2466	2452	14
Maharashtra	Akola	Rs./Qtl	2392	2390	2

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				2-Apr-19	1-Apr-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	41800	40400	1400
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	42300	40900	1400
J-34(202)	26mm	3.5 - 4.9	23	45300	41200	4100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	43800	40600	3200

Shankar-6(105)	29mm	3.5 – 4.9	28	45000	42200	2800
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	46200	43300	2900
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	47300	44500	2800
DCH-32(107)	34mm	3.0 - 3.8	33	55000	50000	5000

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

Index	Unit	3-Apr-19	2-Apr-19	Change
CCIndex(328)	RMB/Ton	15630	15629	1
CCIndex(527)	RMB/Ton	14659	14653	6
CCIndex(229)	RMB/Ton	16057	16057	Unch

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

China Foreign Cotton (FCE) Index :

Index	Unit	3-Apr-19	2-Apr-19	Change
FC Index (S)	Cents/lb	92.01	92.09	-0.08
FC Index (M)	Cents/lb	87.16	87.22	-0.06
FC Index (L)	Cents/lb	85.06	85.17	-0.11

Cotlook Index:

Cotlook Indices	Unit	2-Apr-19	1-Apr-19	Change
A-Index	Cents/Pound	86.9	87.05	-0.15

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		2-Apr-19	2-Apr-19	Bales
Southeast	cents/lb.	74.02	76.27	0
North Delta	cents/lb.	72.77	74.52	0
South Delta	cents/lb.	72.77	74.52	0
East TX-OK	cents/lb.	71.02	73.52	3581
West Texas	cents/lb.	71.02	73.77	3711
Desert SW	cents/lb.	70.02	74.02	0
SJ Valley	cents/lb.	70.52	79.42	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 03-Apr-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 April 02, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-May	190402	77.27	77.37	76.47	77.27	-0.09	20,337	88,316	-4,375
19-Jul	190402	78.16	78.2	77.41	78.03	-0.18	12,049	63,422	1,094
19-Oct	190402	76.79	76.79	76.79	76.79	0.34	4	12	4
19-Dec	190402	75.91	76.29	75.63	76.27	0.35	4,750	63,036	739
20-Mar	190402	76.4	76.74	76.36	76.74	0.11	412	8,496	19
20-May	190402	76.78	76.78	76.75	76.75	-0.12	15	454	3
Total Volume and Open Interest							37,649	225,886	-2,550

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