

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 conditions are very likely to prevail in some parts of Rajasthan and in isolated pockets over south Haryana and Madhya Pradesh during next 2 days and in isolated pockets over Gujarat state and Vidarbha today. Parts of northwest India (north Rajasthan, Punjab and Haryana, Chandigarh & Delhi) is likely to experience isolated thunderstorms/dust storms and gusty winds during the afternoon/evening hours of 5th & 6th April. Isolated thundersqualls (wind speed reaching 60-70 kmph) are likely to occur over Bihar and West Bengal & Sikkim on 5th & 6th April and over Assam & Meghalaya and Nagaland, Manipur, Mizoram & Tripura on 6th & 7th April.

International Fundamentals:

Cotton futures were 12 to 26 points lower at the end of the futures session. The Cotlook A Index was down 15 points at 86.90 on April 2.

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	21910	22130	21910	21900	3003	178	15832	-235
19-May	0.56	22210	22400	22210	22190	853	-12	3213	318
Spread	Mar-19			-	-	-	--	--	--
Spot	-270				-	-	-	-	-
Apr-19					-	-	-	-	-

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

* Updated at as on 04-Apr- 2019@5pm

DOMESTIC PRICES AND ARRIVAL

Cotton Prices at Key Spot Markets:

Commodity		Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	4-Apr-19	3-Apr-19		
Gujarat	Ahmedabad	Shankar-6	6250	6250		Unch
	Gondal	Shankar-6	6305	6165		140
	Rajkot	B.T. Cotton	6295	6250		45
	Patan	B.T. Cotton	6225	6190		35
	Kadi	B.T. Cotton	6300	6250		50
	Deesa	B.T. Cotton	NA	NA		-
	Dhrol	B.T. Cotton	5940	5970		-30
Haryana	Bhiwani	B.T. Cotton	6350	6350		Unch
	Bhiwani	Desi	NA	NA		-
	Adampur	B.T. Cotton	6175	6150		25
	Fatehabad	B.T. Cotton	6210	6170		40
	Jind	B.T. Cotton	6370	6350		20
	Uchana	B.T. Cotton	6205	6163		42
	Dabwali	B.T. Cotton	NA	NA		-
Rajasthan	Hanumangarh	B.T. Cotton	6200	6200		Unch
	Rawatsar	B.T. Cotton	6130	6100		30
Madhya Pradesh	Khandwa	Mech-1	6300	6200		100

	Khargaon	Mech-1	6330	6245	85
Maharashtra	Amravati	Mech-1	6200	6100	100
	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	NA	6419	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6230	6170	60
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	4-Apr-19	3-Apr-19	
Punjab	Bhatinda	J-34	4815	4810	5
	Abohar	J-34	4840	4820	20
	Mansa	J-34	4800	4785	15
Haryana	Sirsa	J-34	4780	4730	50
Rajasthan	Sri-Ganganagar	J-34	4418	4418	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	4-Apr-19	3-Apr-19	
Gujarat	Ahmedabad	Shankar-6	34000	34000	Unch
	Gondal	Shankar-6	586	628	-42
	Rajkot	B.T. Cotton	3000	2000	1000
	Patan	B.T. Cotton	4305	4975	-670
	Kadi	B.T. Cotton	20000	20000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	60	32	28
Haryana	Bhiwani	B.T. Cotton	600	500	100
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	340	340	Unch
	Fatehabad	B.T. Cotton	200	200	Unch
	Jind	B.T. Cotton	250	493	-243
	Uchana	B.T. Cotton	1300	1210	90
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	150	200	-50
	Rawatsar	B.T. Cotton	400	200	200
Madhya Pradesh	Khandwa	Mech-1	300	478	-178
	Khargaon	Mech-1	1605	1690	-85

Maharashtra	Amravati	Mech-1	5000	6000	-1000
	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	NA	1705	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	262	292	-30
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	4-Apr-19	3-Apr-19	
Punjab	Bhatinda	J-34	2550	2040	510
	Abohar	J-34	340	425	-85
	Mansa	J-34	340	510	-170
Haryana	Sirsa	J-34	510	680	-170
Rajasthan	Sri-Ganganagar	J-34	500	500	Unch

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	4-Apr-19	3-Apr-19	
Gujarat	Rajkot	Rs. /10 Kg.	740	740	Unch
Delhi	New Delhi	Rs. /10 Kg.	712	710	2
Telangana	Hyderabad	Rs. /10 Kg.	720	720	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	750	748	2

Cotton Seed Oil Seed Cake Prices:

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	4-Apr-19	3-Apr-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2508	2466	42
Maharashtra	Akola	Rs./Qtl	2409	2392	17

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	4-Apr-19	3-Apr-19	Change
CCIndex(328)	RMB/Ton	15633	15630	3
CCIndex(527)	RMB/Ton	14662	14659	3
CCIndex(229)	RMB/Ton	16058	16057	1
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	4-Apr-19	3-Apr-19	Change
FC Index (S)	Cents/lb	91.81	92.01	-0.20
FC Index (M)	Cents/lb	86.96	87.16	-0.20
FC Index (L)	Cents/lb	84.81	85.06	-0.25

Cotlook Index:

Cotlook Indices	Unit	3-Apr-19	2-Apr-19	Change
A-Index	Cents/Pound	86.9	86.9	Unch

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		3-Apr-19	3-Apr-19	Bales
Southeast	cents/lb.	73.8	76.05	0
North Delta	cents/lb.	72.55	74.3	0
South Delta	cents/lb.	72.55	74.3	0
East TX-OK	cents/lb.	70.8	73.3	3120
West Texas	cents/lb.	70.8	73.55	3265
Desert SW	cents/lb.	70.05	74.05	1100
SJ Valley	cents/lb.	70.55	79.45	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 04-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 Wed April 03, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
19-May	190403	77.27	77.93	76.91	77.05	-0.22	17,584	85,892	-2,424
19-Jul	190403	77.99	78.69	77.66	77.77	-0.26	13,468	65,333	1,911
19-Oct	190403	76.67	76.67	76.67	76.67	-0.12	0	12	0
19-Dec	190403	76.13	76.63	76.13	76.25	-0.02	6,226	65,227	2,191
20-Mar	190403	76.74	76.93	76.65	76.68	-0.06	429	8,686	190
20-May	190403	76.81	76.81	76.81	76.81	0.06	25	443	-11
Total Volume and Open Interest							37,920	227,930	2,044

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