

**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:** On April 2, market arrivals stood at 75,000 bales as against 1.35 lakh bales on the same day last year. There has been a sharp decline in market arrivals in recent weeks.

**India's marketing year (MY) 2019/20 cotton production estimate is 29.3 million 480 lb. bales on 12.45 million hectares.** Yields are expected to rebound in most of the states after an erratic monsoon last year.

**According to CCI, market arrivals of cotton stood at 254 lakh bales of 170 kg each till 1<sup>st</sup> 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 ginner, 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.

#### **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:**

**The front-month cotton contract on ICE Futures U.S., settled up 0.27 cent, or 0.4 percent, at 77.32 cents per lb.** It traded within a range of 76.85 and 77.8 cents a lb.

**World trade is expected to increase to 42.3 million bales in 2018-19, the highest level since 2012-13's record.** Production will exceed consumption in 2019-20, raising world stocks slightly by 1 million bales. World cotton consumption in 2018-19 is expected to reach 123.6 million bales, growing 0.9 percent from the previous year, to the highest level since 2007-08.

**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	22200	22360	22120	22130	3734	731	15769	-63
19-May	0.56	22430	22640	22430	22400	1563	710	3532	319

Spread	Mar-19		-	-	--	--
Spot	-280		-	-	-	-
Apr-19			-	-	-	-

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

\* Updated at as on 05-Apr- 2019@5pm

### DOMESTIC PRICES AND ARRIVAL

#### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	5-Apr-19	4-Apr-19	
Gujarat	Ahmedabad	Shankar-6	6400	6250	150
	Gondal	Shankar-6	6305	6305	Unch
	Rajkot	B.T. Cotton	6350	6295	55
	Patan	B.T. Cotton	6355	6225	130
	Kadi	B.T. Cotton	6500	6300	200
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5930	5940	-10
Haryana	Bhiwani	B.T. Cotton	6400	6350	50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	6300	6175	125
	Fatehabad	B.T. Cotton	6250	6210	40
	Jind	B.T. Cotton	6350	6370	-20
	Uchana	B.T. Cotton	6171	6205	-34
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	6200	6200	Unch
	Rawatsar	B.T. Cotton	6150	6130	20
Madhya Pradesh	Khandwa	Mech-1	Closed	6300	-

	Khargaon	Mech-1	6325	6330	-5
Maharashtra	Amravati	Mech-1	6250	6200	50
	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	6540	6469	71
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	6230	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	5-Apr-19	4-Apr-19	
Punjab	Bhatinda	J-34	4880	4815	65
	Abohar	J-34	4890	4840	50
	Mansa	J-34	4850	4800	50
Haryana	Sirsa	J-34	4820	4780	40
Rajasthan	Sri-Ganganagar	J-34	4418	4418	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	5-Apr-19	4-Apr-19	
Gujarat	Ahmedabad	Shankar-6	39100	34000	5100
	Gondal	Shankar-6	586	586	Unch
	Rajkot	B.T. Cotton	3200	3000	200
	Patan	B.T. Cotton	3926	4305	-379
	Kadi	B.T. Cotton	20000	20000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	45	60	-15
Haryana	Bhiwani	B.T. Cotton	400	600	-200
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	340	340	Unch
	Fatehabad	B.T. Cotton	400	200	200
	Jind	B.T. Cotton	221	250	-29
	Uchana	B.T. Cotton	1100	1300	-200
	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	Closed	300	-
	Khargaon	Mech-1	1400	1605	-205

Maharashtra	Amravati	Mech-1	3000	5000	-2000
	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	265	1383	-1118
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	262	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	5-Apr-19	4-Apr-19	
Punjab	Bhatinda	J-34	2040	2550	-510
	Abohar	J-34	340	340	Unch
	Mansa	J-34	510	340	170
Haryana	Sirsa	J-34	340	510	-170
Rajasthan	Sri-Ganganagar	J-34	500	500	Unch

**Cotton Seed Oil Prices:**

Commodity	Cotton Seed Oil		Price		Change
State	Centre	Unit	5-Apr-19	4-Apr-19	
Gujarat	Rajkot	Rs. /10 Kg.	740	740	Unch
Delhi	New Delhi	Rs. /10 Kg.	718	712	6
Telangana	Hyderabad	Rs. /10 Kg.	720	720	Unch
Maharashtra	Mumbai	Rs. /10 Kg.	750	750	Unch

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	5-Apr-19	4-Apr-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2588	2508	80
Maharashtra	Akola	Rs./Qtl	2461	2409	52

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				4-Apr-19	3-Apr-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	42200	40400	1800
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	42700	40900	1800
J-34(202)	26mm	3.5 - 4.9	23	45800	41200	4600

H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	44600	40600	4000
Shankar-6(105)	29mm	3.5 – 4.9	28	45800	42200	3600
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	47100	43300	3800
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48100	44500	3600
DCH-32(107)	34mm	3.0 - 3.8	33	56000	50000	6000

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

Index	Unit	5-Apr-19	4-Apr-19	Change
CCIndex(328)	RMB/Ton	NR	15633	-
CCIndex(527)	RMB/Ton	NR	14662	-
CCIndex(229)	RMB/Ton	NR	16058	-
RMB -Renminbi, 1RMB =0.16 \$U.S.				

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

Index	Unit	5-Apr-19	4-Apr-19	Change
FC Index (S)	Cents/lb	NR	91.81	-
FC Index (M)	Cents/lb	NR	86.96	-
FC Index (L)	Cents/lb	NR	84.81	-

**Cotlook Index:**

Cotlook Indices	Unit	4-Apr-19	3-Apr-19	Change
A-Index	Cents/Pound	NR	86.9	-

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		4-Apr-19	4-Apr-19	Bales
Southeast	cents/lb.	74.07	76.32	0
North Delta	cents/lb.	72.82	74.57	0
South Delta	cents/lb.	72.82	74.57	0
East TX-OK	cents/lb.	71.07	73.57	3532
West Texas	cents/lb.	71.07	73.82	3802
Desert SW	cents/lb.	70.32	74.32	500
SJ Valley	cents/lb.	70.82	79.72	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 05-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 Thu April 04, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">19-May</a>	190404	76.85	77.8	76.85	77.32	0.27	15,142	83,393	-2,499
<a href="#">19-Jul</a>	190404	77.64	78.52	77.58	78.01	0.24	11,626	66,854	1,521
<a href="#">19-Oct</a>	190404	76.91	76.91	76.91	76.91	0.24	0	12	0
<a href="#">19-Dec</a>	190404	76.2	76.66	76.06	76.29	0.04	7,568	68,529	3,302
<a href="#">20-Mar</a>	190404	76.92	77	76.63	76.69	0.01	643	8,885	199
<a href="#">20-May</a>	190404	77.02	77.02	76.79	76.79	-0.02	41	449	6
Total Volume and Open Interest							35,166	230,528	2,598

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