

**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:** Total cotton supply projected is 290.00 lakh bales of 170 kgs each during the period from October 2018 to March 2019 which consists of the arrival of 255.83 lakh bales upto 31st March 2019, imports of 6.17 lakh bales upto 31st March 2019 and the opening stock at the beginning of the season at 28 lakh bales.

According to CAI, cotton exports for the season (October 2018-September 2019) estimated a decline to 47 lakh bales, against last year's estimated 69 lakh bales. This dip is attributed to the higher prices and smaller crop size of Indian cotton. The imports this year are likely to be higher at 27 lakh bales, against last year's estimated 15 lakh bales.

The CAI has estimated cotton crop for 2018-19 at 321 lakh bales of 170 kgs each which is lower by 7 lakh bales than its previous estimate of 328 lakh bales made during last month. The CAI has reduced the crop estimate for Gujarat by 1 lakh bales, Maharashtra by 80,000 bales, Telangana by 4 lakh bales, Andhra Pradesh by 1 lakh bales and Karnataka by 75,000 bales whereas there is marginal increase of 50,000 bales in Tamil Nadu and 5,000 bales in the State of Orissa.

Andhra pegs 2018-19 cotton crop 1.44 mln bales vs 2.04 mln bales yr ago due to lower acreage and yields. In Jun-Sep, Andhra Pradesh received 443.1 mm rainfall, 12% below normal. Villages in Anantapur district have been declared drought-hit, and major parts of Kadapa, Kurnool, Chittoor, Prakasam and Nellore witnessed scanty and deficient rainfall.

Daily arrivals have declined to about 80,000-90,000 bales as against 1.3 lakh bales last year. So far about 42 lakh bales have been exported, some 2 lakh bales have been exported to Bangladesh. Another 40 lakh bales have been exported to Vietnam, China and Bangladesh, among others. Another 5-6 lakh bales are expected to be exported, according to reports. Due to higher prices, export contracts have taken a halt. But the target of 50 lakh bales will be achieved with China and Bangladesh as key destinations by September, 2019.

The arrivals for 2018-19 season reached 25.03 million bales as of March 26<sup>th</sup> down 4.6% on y-o-y, as per the Cotton Corporation of India (CCI). Weather forecasts predict that the southwest monsoon rains during the June- September period are expected to be below normal, mainly attributed to the El-nino phenomenon. An 80% chance of EL- nino during March-May and 60% chance during Jun-Aug is predicted.

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 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.

### **Weather Forecast for tomorrow:**

An approaching western disturbance is likely to cause scattered to fairly widespread rain/thundershowers with isolated thunderstorms/hailstorms and gusty winds over Jammu & Kashmir, Himachal Pradesh and Uttarakhand during 10-12 April. Isolated dust storm/thunderstorm (gusty winds, speed reaching 40-50 kmph) are also likely over Punjab, south Haryana, Delhi and Rajasthan during the same period and over Uttar Pradesh during 11-13 April. Heat wave conditions are likely to continue over West Rajasthan (in some parts) and at isolated pockets over East Rajasthan and West Madhya Pradesh during next 2-3 days.

### **International Fundamentals:**

**Cotton futures were steady to 47 points lower in the front months on Wednesday**, with new crop contracts slightly higher. The Cotlook A Index was up 55 points at 88.35 on April 9. The USDA Adjusted World Price (AWP) is 68.22 cents/lb through Thursday. Chinese imports were raised by 500,000 bales, while Turkey imports were trimmed by 200,000 bales. Indian exports were cut by 300,000 bales, with Australia up 200,000 bales.

**The cotton market finished higher Thursday amid a strong showing in USDA's weekly sales and exports.** Combining both crop years, sales totaled some 475,000 bales where China was a net buyer in both seasons. Additionally, weekly exports found to be over 400,000 bales. Such demand power continues to under-gird the market.

**U.S. export sales for the week totaled a net of 489,600 bales (Upland 473,200/Pima 16,400) for 2018-19 and 2019-20.** And negotiations between the U.S. and China toward resolving ongoing trade disputes moved to Washington this week resulting in hopeful news.

**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%.

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Apr	0.56	21980	22070	21890	21950	2832	-43	13497	-202
19-May	0.56	22280	22350	22170	22230	1677	181	5666	228

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

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

\* Updated at as on 10-Apr- 2019@5pm

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	11-Apr-19	10-Apr-19	
Gujarat	Ahmedabad	Shankar-6	6250	6350	-100
	Gondal	Shankar-6	6255	6255	Unch
	Rajkot	B.T. Cotton	6380	6305	75
	Patan	B.T. Cotton	6205	6225	-20
	Kadi	B.T. Cotton	6400	6500	-100
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	6050	5975	75
Haryana	Bhiwani	B.T. Cotton	6450	6410	40
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	Closed	Closed	-
	Fatehabad	B.T. Cotton	Closed	6250	-
	Jind	B.T. Cotton	Closed	6460	-
	Uchana	B.T. Cotton	Closed	6210	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	6250	6235	15
	Rawatsar	B.T. Cotton	6050	6050	Unch
Madhya Pradesh	Khandwa	Mech-1	6400	6400	Unch
	Khargaon	Mech-1	6190	6130	60
Maharashtra	Amravati	Mech-1	6400	6375	25
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-

Telangana	Adilabad	Un-Ginned	Closed	6100	-
Karnataka	Bijapur	Bunny	NA	6659	-
	Hubli	D.C.H.	4747	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	6400	6411	-11
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	11-Apr-19	10-Apr-19	
Punjab	Bhatinda	J-34	4840	4870	-30
	Abohar	J-34	4850	4870	-20
	Mansa	J-34	4830	4850	-20
Haryana	Sirsa	J-34	4780	4800	-20
Rajasthan	Sri-Ganganagar	J-34	4465	4465	Unch

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	11-Apr-19	10-Apr-19	
Gujarat	Ahmedabad	Shankar-6	34000	34000	Unch
	Gondal	Shankar-6	756	796	-40
	Rajkot	B.T. Cotton	3000	4000	-1000
	Patan	B.T. Cotton	3868	4280	-412
	Kadi	B.T. Cotton	20000	20000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	43	36	7
Haryana	Bhiwani	B.T. Cotton	150	200	-50
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	Closed	Closed	-
	Fatehabad	B.T. Cotton	Closed	50	-
	Jind	B.T. Cotton	Closed	595	-
	Uchana	B.T. Cotton	Closed	600	-
	Dabwali	B.T. Cotton	NA	NA	-
Rajasthan	Hanumangarh	B.T. Cotton	380	135	245
	Rawatsar	B.T. Cotton	350	200	150
Madhya Pradesh	Khandwa	Mech-1	390	90	300
	Khargaon	Mech-1	195	165	30
Maharashtra	Amravati	Mech-1	125	1200	-1075
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	Closed	15520	-

Karnataka	Bijapur	Bunny	NA	2137	-
	Hubli	D.C.H.	20	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	285	315	-30
Commodity		Lint		Arrivals (Quintal)	
State	Centre	Variety	11-Apr-19	10-Apr-19	Change
Punjab	Bhatinda	J-34	1700	1700	Unch
	Abohar	J-34	255	255	Unch
	Mansa	J-34	340	340	Unch
Haryana	Sirsa	J-34	NA	170	-
Rajasthan	Sri-Ganganagar	J-34	500	500	Unch

**Cotton Seed Oil Prices:**

Commodity		Cotton Seed Oil		Price	
State	Centre	Unit	11-Apr-19	10-Apr-19	Change
Gujarat	Rajkot	Rs. /10 Kg.	735	743	-8
Delhi	New Delhi	Rs. /10 Kg.	720	720	Unch
Telangana	Hyderabad	Rs. /10 Kg.	Closed	720	-
Maharashtra	Mumbai	Rs. /10 Kg.	755	760	-5

**Cotton Seed Oil Seed Cake Prices:**

Commodity		Cotton Seed Oil Seed Cake		Price	
State	Centre	Unit	11-Apr-19	10-Apr-19	Change
Gujarat	Mahesana (Kadi)	Rs./Qtl	2522	2557	-35
Maharashtra	Akola	Rs./Qtl	2457	2468	-11

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				10-Apr-19	9-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	45700	41200	4500
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	44700	40600	4100
Shankar-6(105)	29mm	3.5 - 4.9	28	45900	42200	3700
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	47200	43300	3900
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	48200	44500	3700
DCH-32(107)	34mm	3.0 - 3.8	33	56200	50000	6200

INTERNATIONAL PRICES AND INDICESChina Cotton Index:

Index	Unit	11-Apr-19	10-Apr-19	Change
CCIndex(328)	RMB/Ton	15643	15642	1
CCIndex(527)	RMB/Ton	14695	14693	2
CCIndex(229)	RMB/Ton	16067	16061	6
RMB -Renminbi, 1RMB =0.16 \$U.S.				

China Foreign Cotton (FCE) Index :

Index	Unit	11-Apr-19	10-Apr-19	Change
FC Index (S)	Cents/lb	92.07	92.39	-0.32
FC Index (M)	Cents/lb	87.37	87.59	-0.22
FC Index (L)	Cents/lb	85.12	85.41	-0.29

Cotlook Index:

Cotlook Indices	Unit	10-Apr-19	9-Apr-19	Change
A-Index	Cents/Pound	87.7	88.35	-0.65

USDA Cotton Spot Rates:

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		10-Apr-19	10-Apr-19	Bales
Southeast	cents/lb.	74.37	76.62	0
North Delta	cents/lb.	73.12	74.87	0
South Delta	cents/lb.	73.12	74.87	150
East TX-OK	cents/lb.	71.37	73.62	1260
West Texas	cents/lb.	71.37	74.12	97
Desert SW	cents/lb.	70.62	74.62	0
SJ Valley	cents/lb.	71.12	80.02	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 10-Apr-2019				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8800	160	8860
Equivalent	40 Kgs	9431	171	9602

Daily Futures Price Listing Wed April 10, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">19-May</a>	190410	78.18	78.35	77.32	77.62	-0.47	28,062	60,992	-9,444
<a href="#">19-Jul</a>	190410	78.73	78.84	78.09	78.46	-0.01	20,330	77,749	2,448
<a href="#">19-Oct</a>	190410	77.61	77.75	76.9	77.5	0.16	0	12	0
<a href="#">19-Dec</a>	190410	76.86	77.3	76.57	77.02	0.13	6,058	75,045	1,370
<a href="#">20-Mar</a>	190410	77.45	77.6	77.21	77.54	0.16	180	9,350	56
<a href="#">20-May</a>	190410	77.61	77.68	77.58	77.67	0.19	1	451	0
Total Volume and Open Interest							54,662	226,189	-5,539

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