

Domestic market summary

Domestic market Scenario : Most Cotton spot market prices are witnessed weak trend during the Month. The price in Indian market is higher than that internationally. This is backed by higher MSP and purchases by CCI. The market may move up only through larger offtake by exporters or by domestic industry. This may occur gradually over the next few months Average price of Lint at Sirsa during the month was Rs. 4341 per maund (of 37.32 Kg each), lower compared to the previous month price of Rs 4386. Cotton fiber (Shankar-6) prices noticed weak this month. Average price was Rs 41850 per candy (of 355.6 kg each) during the month, which was Rs 442846 per candy previous month. The Cotton spot market prices have been higher this season compared to last season on reports of production cut by the Cotton Association and USDA. However, cotton spot market prices are expected to trade remain sideways to weak tone due to sluggish demand.

Monthly Price Outlook : In the coming month we expect Kapas price to remain to Range bound with the price band of Rs 5400-6200per quintal in the Rajkot market. Lint price at Sirsa is likely to be in range of Rs 4000-5000 per maund.

Major Market Highlights:

Month of February started with higher rates but in by mid-February the inconclusive US-China trade negotiations changed the market sentiment. USDA released WASDE Report for Last two months. WASDE Report was generally neutral but market takes it as bearish. NY May future draw down to 71.11 from 74.93 areas. Due to Government shutdown in U.S., there was absence of true data.

Shankar 6 Spot rate started at 43,000 levels and ended at 42,200 levels. In Indian physical Market movements were slow and consumers purchased without any panic. Indian arrivals were sufficient to meet the demand of mills and exporters. In last part of the month rate was near and below to MSP, so CCI did good procurement. By end February CCI procured approximately 9 lakh bales and MCX had stock of 1,90,000 bales in their warehouses.

India halts cotton exports to Pakistan amid Pulwama attack tensions. The unease between India and Pakistan, exporters see a temporary slump in flow of consignments for a few days. According to Cotton Association, that some of 8 lakh bales had been contracted by Pakistan and nearly 6.5 lakh bales have already been shipped which means barely 75,000 bales are remaining. Pakistan is expected to import around 10 lakh bales of cotton from India in the current financial year.

Cotton exports to China from India, are on the upswing. About 4 lakh bales have already been shipped to China in the last 10 days and another 10 lakh bales are expected to be shipped from the country soon. So far, some 32 lakh bales have been shipped out of the country and the total exports are expected to touch 50-53 lakh bales.



Till date, the total cotton stock in the country is 80 lakh bales, of which 44 lakh bales is with spinning mills, 36 lakh bales with ginner and the remaining with CCI.CAI, in its January 2019 estimate of the cotton crop for the season 2018-19 beginning from October 1, 2018, has estimated cotton crop for 2018-19 season at 330 lakh bales of 170 kg each which is lower by 5 lakh bales than its previous estimate of 335 lakh bales made last month.

As per the latest estimates by Agriwatch, cotton output in country during the season 2018-19 would be around 336.53 lakh bales (of 170 kg each) which is lower compared to 365 lakh bales of last season. AW has reduced the crop estimate for Gujarat to around 92.82 lakh bales (from 108 lakh bales last year), Maharashtra to around 72 lakh bales (83 lakh last year), Telangana and AP by 52.00 lakh and 16.50 lakh bales respectively. The main reason for reduction in cotton crop is that farmers have uprooted more than 50% of their cotton crop after second picking and foregone the third and fourth pickings due to moisture deficiency and pest attacks. Dry spells in the initial stages of the crop, too, led to stunted growth of bolls, were the major reasons to decline in cotton yield in India.

Cotton Balance Sheet (India):

In Lakh Bales(170 KGS)	2014-15	2015-16	2016-17	2017-18	2018-19*	Oct-Dec	Jan-Mar	Apr-June	July-Sept
Supply									
Opening stock	33	66.23	36.67	48.04	24.04	24.04	57.54	58.54	36.07
Cotton production	386	332	345	365	336.53	153.50	138.50	37.53	7.00
Imports	14.39	22.79	30.94	15	27	6.00	10.00	6.00	5.00
Total supply	433.39	421.02	412.61	428.04	387.56	183.54	206.04	102.07	48.07
Demand									
Mill consumption	278.06	270.2	262.66	288	267	95.00	110.00	45.00	17.00
Consumption by SSI	26.38	27.08	26.2	27	27.5	6.00	10.50	8.00	3.00
Non Mill consumption	5	18	17.5	19	19.5	5.00	5.00	5.00	4.50
Exports	57.72	69.07	58.21	70	53	20.00	22.00	8.00	3.00
Total Demand	367.16	384.35	364.57	404	367	126.00	147.50	66.00	27.50
Ending Stock	66.23	36.67	48.04	24.04	20.57	57.54	58.54	36.07	20.57
Stock to use Ratio	0.153	0.087	0.116	0.056	0.053	0.314	0.284	0.353	0.428

*All figures in Lakh Bales (of 170 Kgs. Each) Source: CAI& Agriwatch *: estimated*

As per the latest estimates by Agriwatch, cotton output in country during the season 2018-19 would be around 336.53 lakh bales (of 170 kg each) which is lower compared to production of 365 lakh bales of last season.

Following lower production, imports will rise marginally to 27 lakh bales compared to 15 lakh bales in previous season.

Due to lower opening stock imports, and lower production of cotton availability would be standing lower this season at 387.56 lakh bales compared to 428.04 lakh bales during the previous season.

Total domestic consumption (Including mill, small mill and non-mill consumption) would be around 367 lakh bales compared to 404 lakh bales during the previous season.



Cotton exports are expected to remain lower as that of previous year. It is expected that country would export around 53 lakh bales of cotton in the season 2018-19.

Ending stocks are expected to be around 20.57 lakh bales, it is lower compared to the ending stocks of previous season.

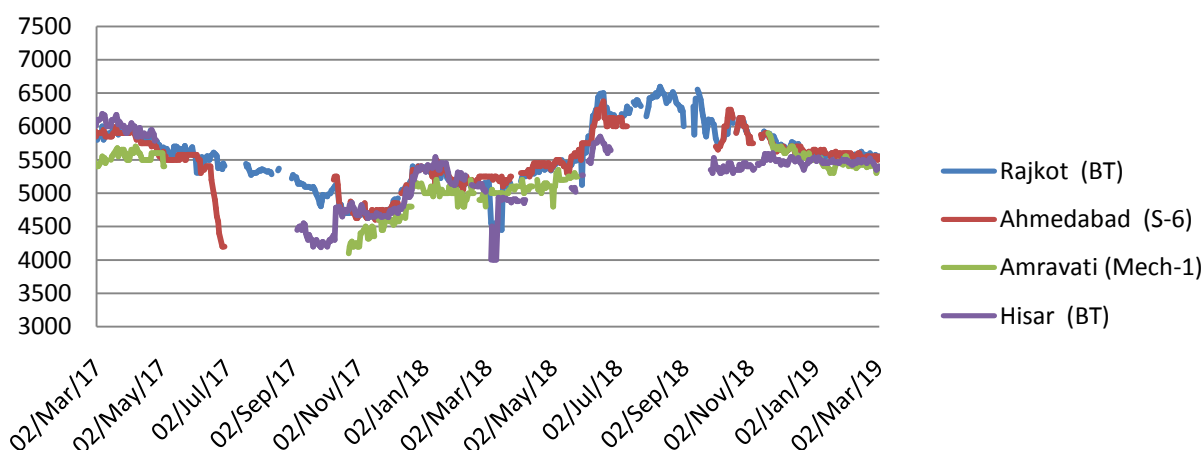
Domestic Cotton Prices Scenario

Kapas (Raw Cotton) Monthly Price Scenario

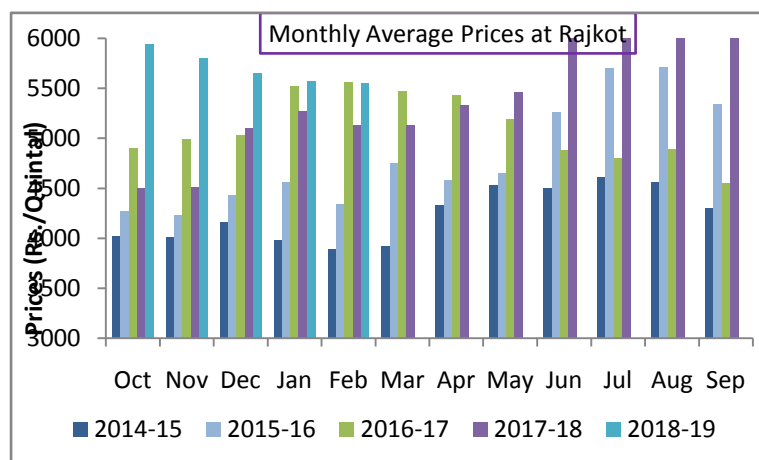
Monthly Price Review: monthly kapas average price at Rajkot rose is Rs 5569 /quintal this month.

Monthly Price Outlook: Kapas prices are expected to remain range-bound to firm in coming months. The expected range for Kapas at Rajkot is Rs 5500-6350 per quintal for the coming month.

Variety wise Kapas Price trend (Rs/Qtl)



Kapas Monthly M-o-M Price Scenario



Kapas(seed cotton) prices in country noticed slightly weak during the Feb month when compared to the previous month, and the same is ruling higher compared to the prices during the corresponding month of the previous season.

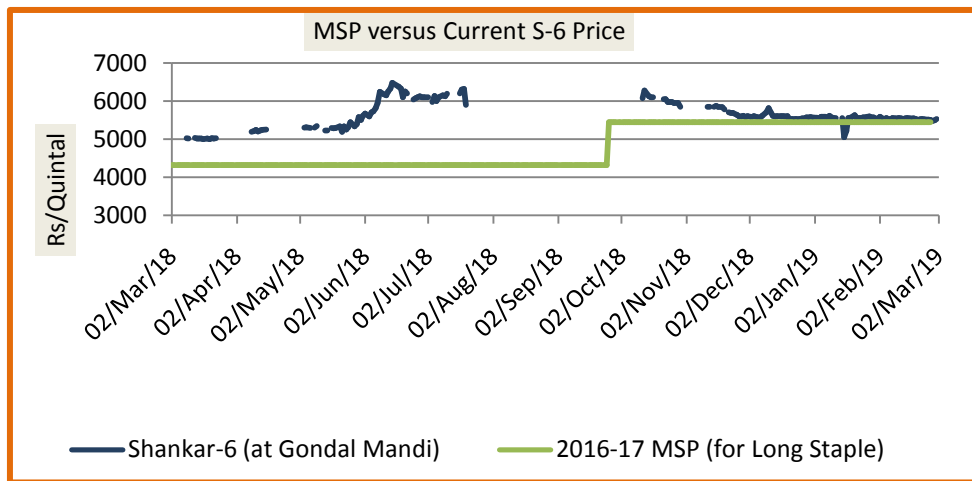
Monthly average price of Kapas at Rajkot remained Rs. 5551 per quintal during Jan, which was Rs. 5568 during previous month and Rs. 5128 per quintal during the corresponding month last year. We expect Kapas prices to remain to



Range-bound in the coming month. The expected price range for Sep month is likely to be Rs 5400-5800 per quintal.

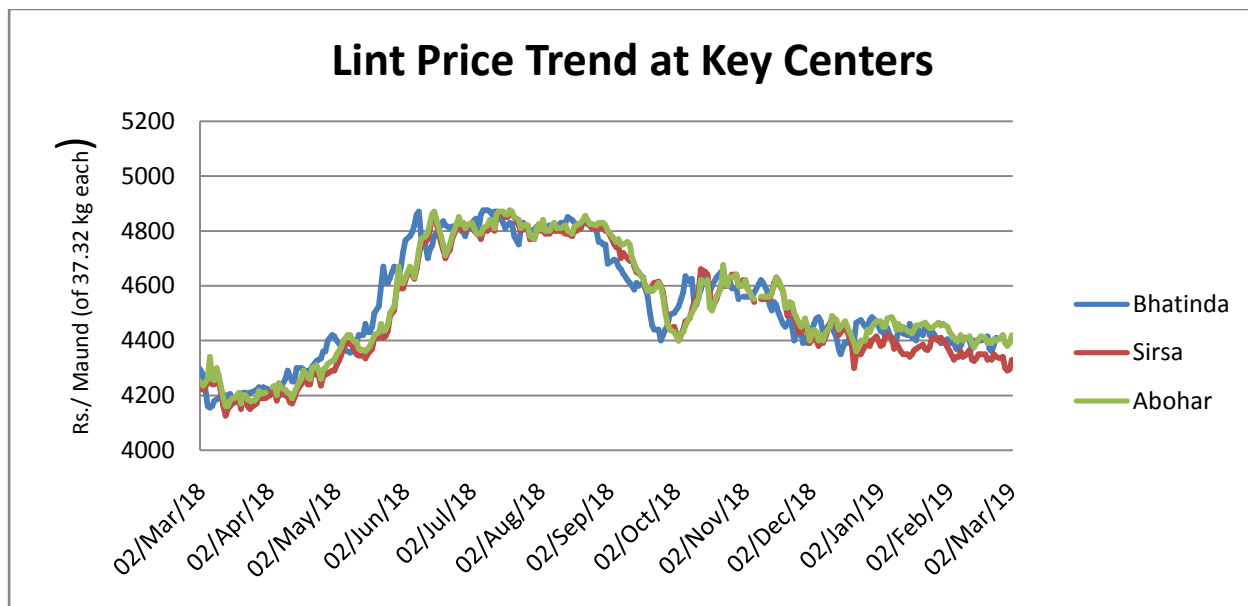
Spot Price versus MSP

The Kapas prices are ruling above the MSP so far. The gap between the two prices has unchanged the month of Feb. The average gap between the prices was remained Rs 84.



Lint price Outlook

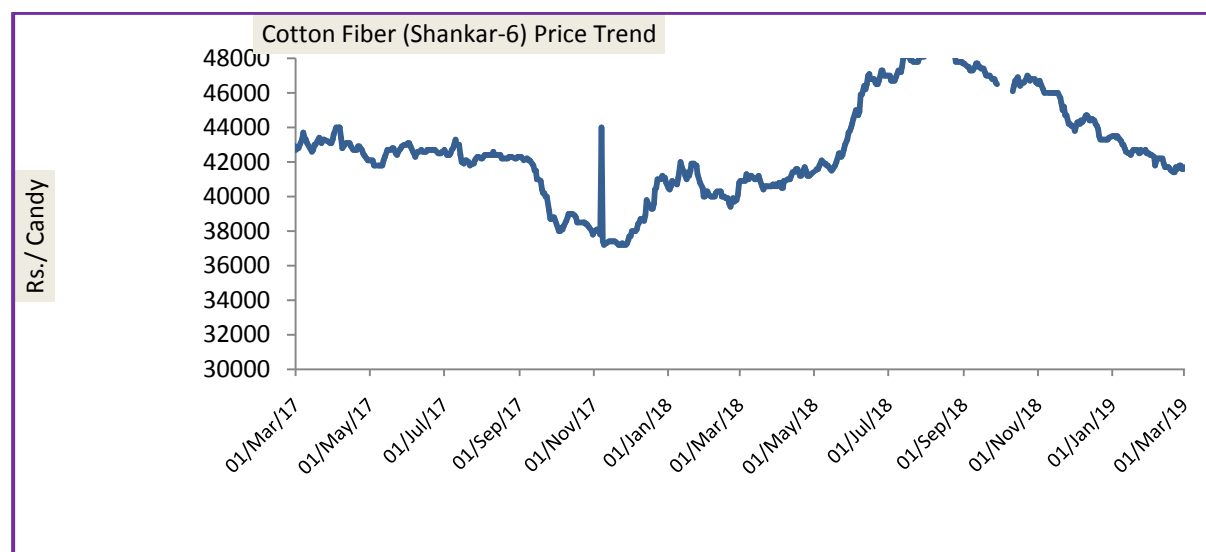
Lint prices remained slightly weak during the month owing to tight tone prevailing in market. Monthly average price of Lint at Sirsa remained Rs 4341 per maund of 37.32 kg each, lower compared to the previous month price of Rs. 4381 per maund.





Cotton Fiber price Outlook

Cotton fiber noticed down trend in this month compared to the previous month amid weak demand in domestic and international market monthly average prices noticed weak due to /raising in arrivals, china and US trade war and currency disturbances. Average price was Rs 41850 per candy (of 355.6 kg each) during the month, which was Rs 42846 per candy previous month. and around Rs 40058 per candy during the corresponding month previous season. We expect cotton fiber to remain in range of Rs 41000 -44000 per candy in the coming month candy.



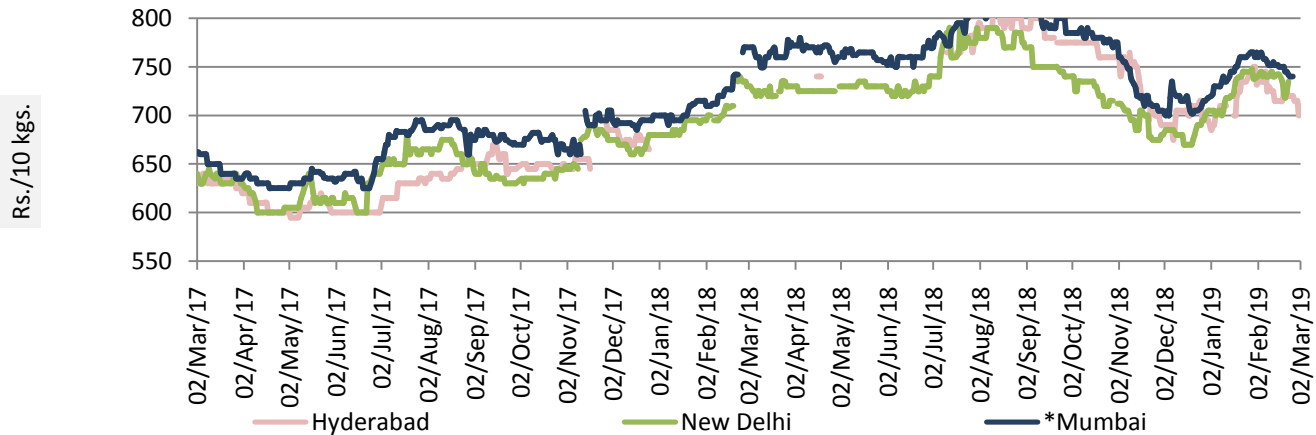
Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil monthly Price Scenario

Cotton seed oil price were unchanged during the month. Monthly average price in New Delhi is remained Rs 710 per 10 Kg, steady compared to the monthly average price of Rs 710 per 10 Kg in previous month.

Centers	Monthly Average Price as on (Rs/10 kg.)		% Change
	Feb	Jan	
New Delhi	710	710	0.00
Rajkot	718	718	0.00
Hyderabad	718	717	0.14
Mumbai*	736	735	0.14

Cotton Seed Oil Price



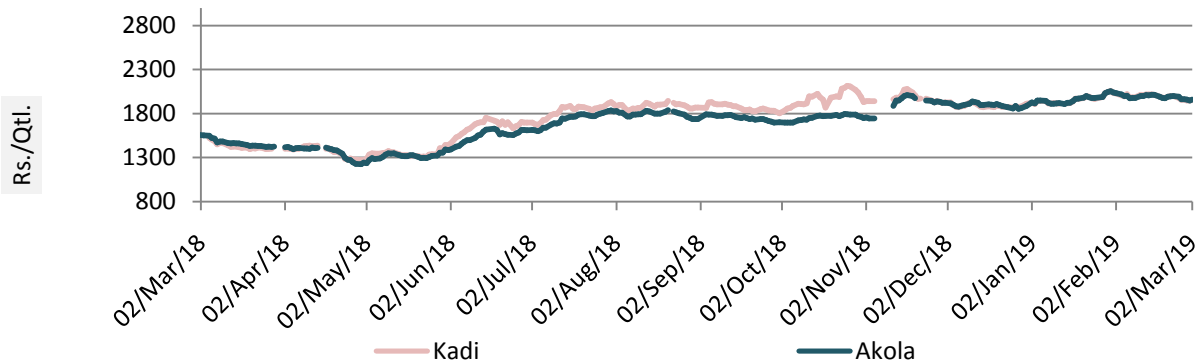
Cotton Seed Oil Cake monthly Price Scenario

Cotton seed oil cake price noticed unchanged during this Feb month. Monthly average price in Akola remained Rs 1959 per quintal, higher compared to the month average price of Rs 1858 per quintal in the previous month

Centers	Monthly Average Price as on (Rs/quintal.)*		% Change
	Feb	Jan	
Kadi	1959	1958	0.05
Akola	1959	1958	0.05

*Source: NCDEX

Cotton Seed Oil Cake





International Market Scenario

International cotton prices were noticed slightly up during the month. Cotlook A index monthly average stood 81.15 at cents/pound this month, which was 82.36 cents/pound during last month

Major Market Highlights:

President Trump indicated he asked China to remove all tariffs on US ag products immediately based on the fact that discussions are moving along and the March 1 tariffs were delayed. As of Feb 19, money managers in cotton futures and options increased their net short position by 4,713 contracts to 18,854 contracts.

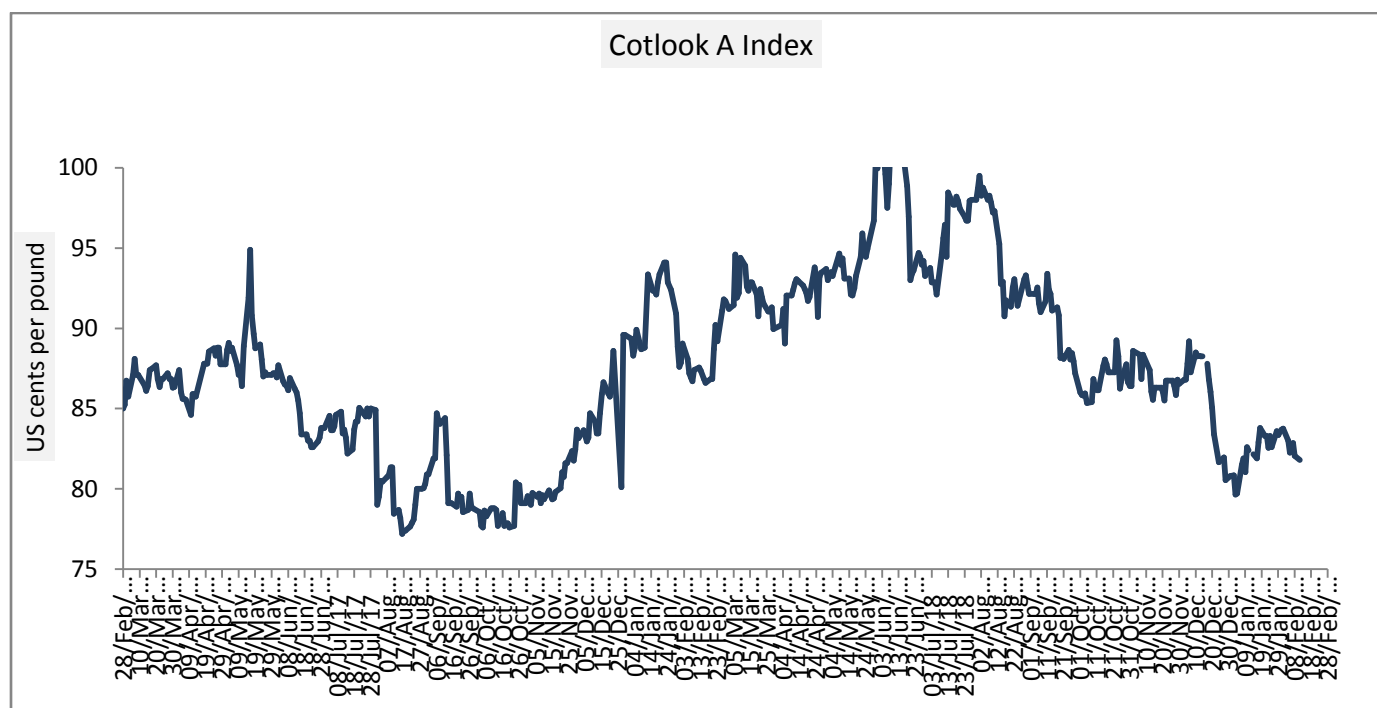
Net UPLAND sales of 85,500 RB for 2018-2019 were reported for Indonesia (29,600 RB, including 500 RB switched from Japan), Vietnam (27,800 RB, including 16,700 RB switched from China, 1,100 RB switched from South Korea, and decreases of 24,000 RB), Turkey (27,400 RB), Bangladesh (21,500 RB), and Pakistan (7,900 RB, including decreases of 5,000 RB). Reductions were reported for China (65,600 RB) and Malaysia (500 RB).

For 2019-2020, net UPLAND sales of 12,100 RB reported for China (11,000 RB), Mexico (2,700 RB), and Indonesia (900 RB), were partially offset by reductions for Indonesia (2,600 RB). •UPLAND Exports of 3,45,700 RB were primarily to Vietnam (92,600 RB), Pakistan (70,100 RB), India (36,200 RB), Indonesia (23,500 RB), and Bangladesh (23,400 RB).

Cotlook A Index

Cotlook A index remained weak during the Month.

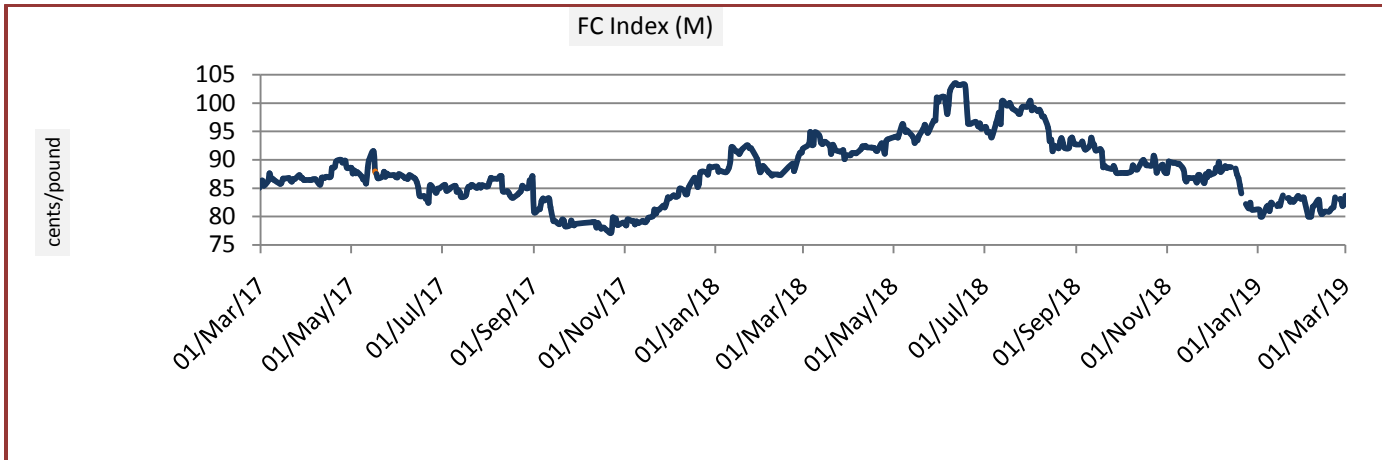
Cotlook A Index	Monthly Average Price as on		% Change
	Feb	Jan	
Prices	81.15	82.36	-1.47
Prices in US cents per Pound			



China Cotton Index and Foreign Cotton Index

Cotton Index	Monthly Average Price as on		% Change
	Feb	Jan	
FC (S)	85.87	86.09	-0.26
FC (M)	81.57	82.3	-0.89
FC (L)	78.94	79.21	-0.34

Prices in US cents per Pound



China Index remained slightly firm during the Month. CC Index (328) remained 15500 Yuan per ton during the month. Average was 15216 Yuan per ton during previous month.

Cotton Index	Monthly Average Price as on		% Change
	Feb	Jan	
CCIndex(328)	15500	15216	1.87
CCIndex(527)	14557	14127	3.04
CCIndex(229)	15995	15741	1.61

Prices in Yuan per ton

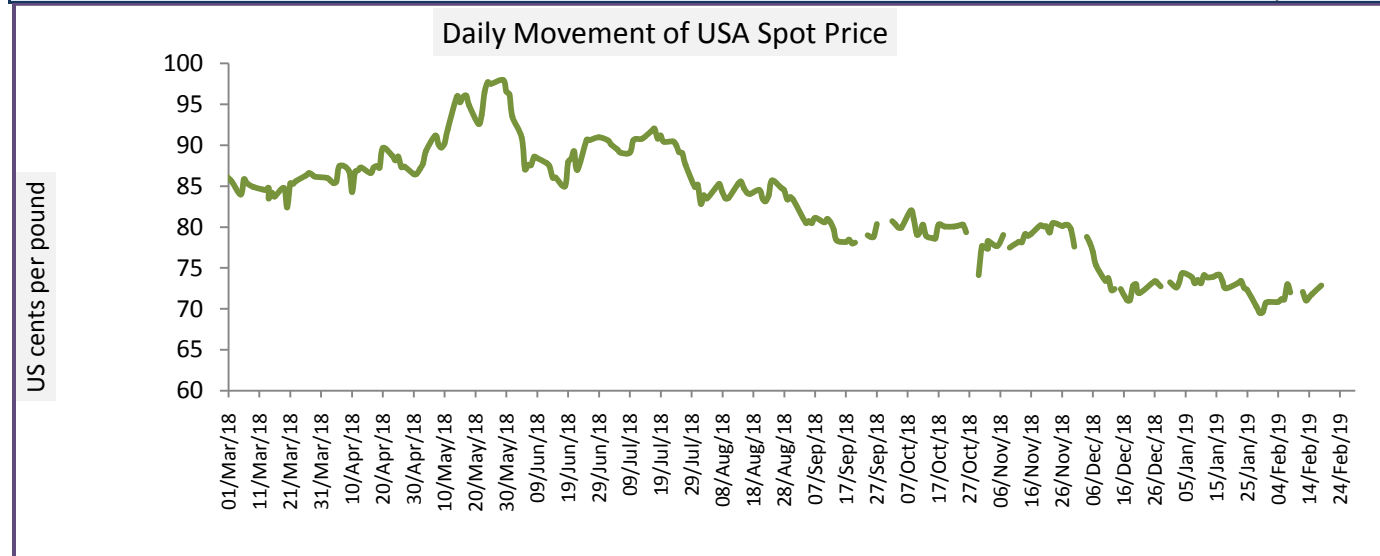




USA Spot Prices

Cotton was sharply lower last month as overall demand continues to impact the US market. On the other hand, world production and supplies are going lower due to bad weather in the growing season for major producers around the world, including India, Pakistan, and Australia. China had problems with its growing weather, too. Demand for US Cotton has been disappointing, as the weekly export sales reports have shown average demand at best since the start of the marketing year. China has not bought any US Cotton this year and has been active in other markets, especially India. US prices are down and China might start to look at the US crop, but there have been worries about the quality of the US crop due to some extreme growing conditions in Texas and the Southeast over the Summer and Fall. Ideas are that the quality worries have kept some importers of US Cotton away from the market.

USA Spot Prices	Monthly Average Price as on		% Change
	Feb	Jan	
Prices	71.64	73.12	-2.02
Prices in US cents per Pound			



Pakistan Spot Prices

Pakistan scrapped duties on import of cotton for February 1-June 30 to tide over shortage of the crop. In the current year, Pakistan has harvested 10.8 mln bales of cotton, down 25 per cent from initial target of 14.4 million bales. The Pakistan is likely to import 3.5-4 million bales - costing up to \$1.2 billion - as the crop size for season 2018-19 is estimated at 10.8m bales, against the annual demand of around 15m bales. India's cotton exports to Pakistan are unlikely to see a sharp jump, despite the neighboring country scraping import duty, as high domestic prices have



made exports uncompetitive. Indian cotton is currently available around 43,000 rupees a candy, while prices in Pakistan are trading at 43,500 rupees per candy.

Karachi Spot Prices	Monthly Average Price as on		% Change
	Feb	Jan	
Prices	8764	8860	-1.08
Prices in Rs per 37.32 Kg			

Technical outlook

Commodity: Cotton

Contract: Mar

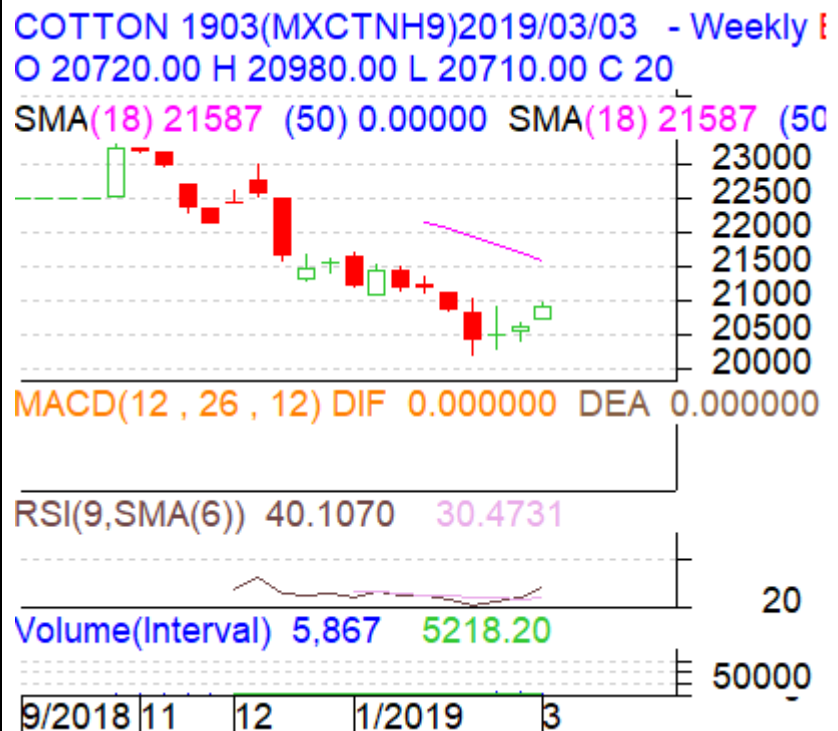
Exchange: MCX

Expiry: Mar 29, 2019

Cotton

Technical Commentary:

- Cotton 29 mm MCX Mar contract broke the important support of 21'190.
- Relative strength indicator (RSI) is in the oversold region on the daily chart which suggests that the prices could consolidate in the near term, but overall trend remain bearish.
- Candlestick pattern of daily chart shows bearish movement in the market on low selling pressures.
- Oscillator like RSI fell and indicates further fall in the market.
- We will advise traders to sell today.



Strategy: **Sell**

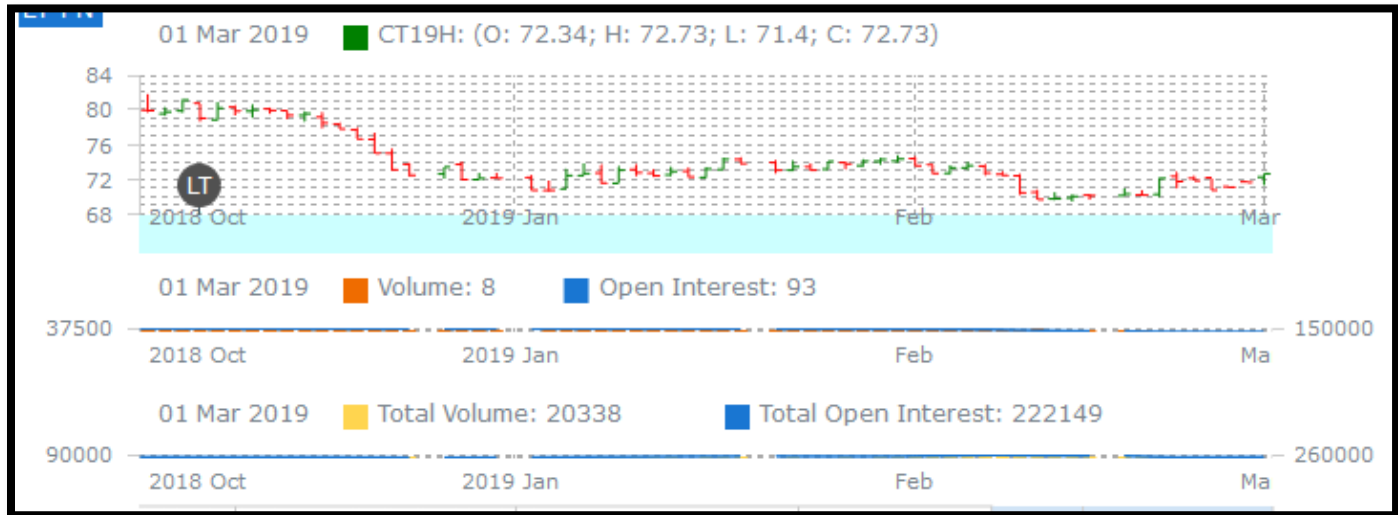
Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Cotton	MCX	Mar	20500	20600	20930	21000	21100
Intraday Trade Call			Call	Entry	T1	T2	SL
Cotton	MCX	Mar	Sell	20950	20800	20900	20860

* Do not carry-forward the position next day.



Monthly Technical Outlook:

Technical Analysis of Cotton Future ('Mar 19 Contract) at ICE



- Candlesticks denote bearish movement in the market.
- Volume increased while Open Interest decreased.
- We expect cotton prices to remain sideways to firm in the coming month.

Expected Price Range During Coming month

Expected Trend	Expected Trading Band
Range bound to BearishMomentum	70-75

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
70	65	100	95

Figures in US cents/pound

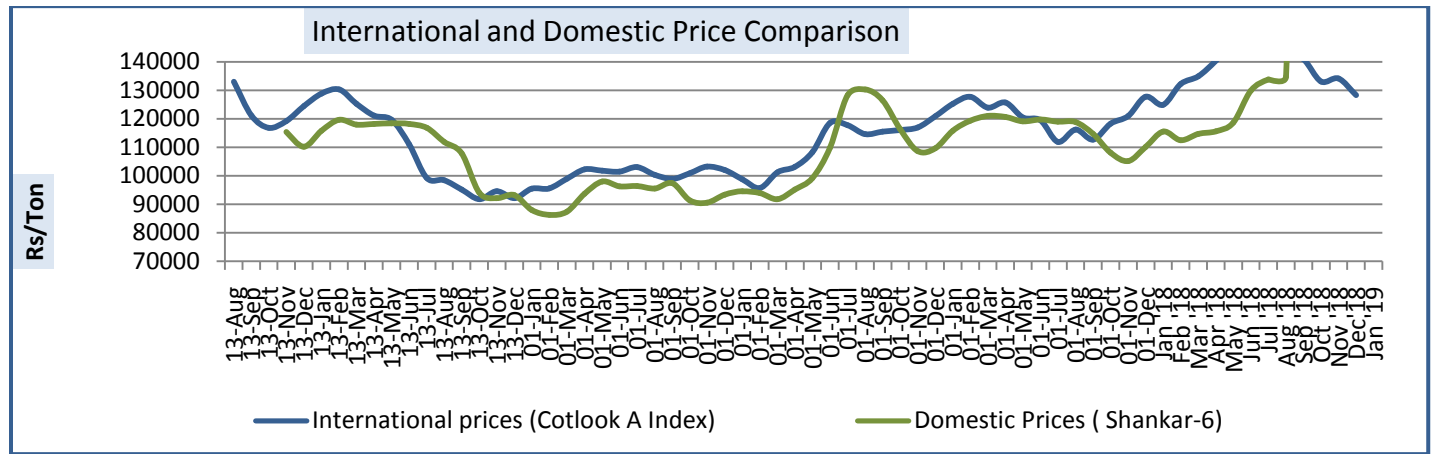
Cotton Future Prices at ICE

Future Price Trend (Active Contract):

Cotton Prices in Future Contract on ICE						Prices in cents/Lb	
Contracts	26_Feb_2018 (1 month ago)	26_Jan_2018 (1 month ago)	26_Nov_2018 (3 month ago)	26_Sep_2018 (6 month ago)	26_Feb_2018 (Year Ago)	% Change over a month	% Change over previous year
01-Mar-19	70.85	NA	78.58	78.99	81.7	#VALUE!	-13.28

01-May-19	75.02	NA	79.75	79.64	82.15	#VALUE!	-8.68
01-Jul-19	73.28	NA	80.88	80.25	82.75	#VALUE!	-11.44
01-Oct-19	73.1	NA	77.82	79	78.28	#VALUE!	-6.62
01-Dec-20	72.68	NA	77.4	78.55	76.87	#VALUE!	-5.45

International and Domestic Price Comparison



Domestic Cotton Prices and Arrivals at Key Centers

Commodity	Kapas		Monthly Prices Average (Rs./Quintal)		Change
State	Centre	Variety	FEB,2019	JAN,2019	
Gujarat	Ahmedabad	Shankar-6	5550	5604	-54
	Gondal	Shankar-6	5535	5534	1
	Rajkot	B.T. Cotton	5552	5568	-16
	Patan	B.T. Cotton	5518	5583	-65
	Kadi	B.T. Cotton	5569	5695	-126
	Deesa	B.T. Cotton	5100	5109	-9
	Dhrol	B.T. Cotton	4989	5307	-318
Haryana	Bhiwani	B.T. Cotton	5656	5654	2
	Bhiwani	Desi	NA	5700	#VALUE!
	Adampur	B.T. Cotton	5461	5479	-18
	Fatehabad	B.T. Cotton	5443	5478	-35
	Jind	B.T. Cotton	5683	5671	12
	Uchana	B.T. Cotton	5449	5459	-10
	Dabwali	B.T. Cotton	5545	5671	-126
Rajasthan	Hanumangarh	B.T. Cotton	5486	5466	20
	Rawatsar	B.T. Cotton	5467	5417	50

Madhya Pradesh	Khandwa	Mech-1	5511	5745	-234
	Khargaon	Mech-1	5442	NA	#VALUE!
Maharashtra	Amravati	Mech-1	5410	5436	-26
	Jamner	Medium Staple	NA	4432	#VALUE!
Uttar Pradesh	Hathras	B.T. Cotton	5870	5880	-10
	Hathras	Desi	5731	5791	-60
Telangana	Adilabad	Un-Ginned	4945	5324	-379
Karnataka	Bijapur	Bunny	5436	5889	-453
	Hubli	D.C.H.	5852	6414	-562
	Hubli	B.T. Cotton	5736	5759	-23
	Raichur	H-44 Cotton	5185	5588	-403
Commodity	Lint		Monthly Prices Avg. (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	FEB,2018	JAN,2018	
Punjab	Bhatinda	J-34	4394	4437	-42.6
	Abohar	J-34	4404	4453	-48.8
	Mansa	J-34	4371	4418	-46.5
Haryana	Sirsa	J-34	4341	4381	-39.5
Rajasthan	Sri-Ganganagar	J-34	4098	4532	-433.7

Commodity	Kapas		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	FEB,2019	JAN,2019	
Gujarat	Ahmedabad	Shankar-6	1283500	1091400	192100
	Gondal	Shankar-6	24585	62343	-37758
	Rajkot	B.T. Cotton	59635	107000	-47365
	Patan	B.T. Cotton	68172	113199	-45027
	Kadi	B.T. Cotton	680000	735000	-55000
	Deesa	B.T. Cotton	20	120	-100
	Dhrol	B.T. Cotton	3812	8356	-4544
Haryana	Bhiwani	B.T. Cotton	30300	42000	-11700
	Bhiwani	Desi	0	NA	#VALUE!
	Adampur	B.T. Cotton	11900	15512	-3612
	Fatehabad	B.T. Cotton	7285	12500	-5215
	Jind	B.T. Cotton	18727	27313	-8586
	Uchana	B.T. Cotton	71098	92720	-21622
	Dabwali	B.T. Cotton	3975	9105	-5130
Rajasthan	Hanumangarh	B.T. Cotton	28400	52400	-24000



	Rawatsar	B.T. Cotton	29600	47700	-18100
Madhya Pradesh	Khandwa	Mech-1	42384	0	42384
	Khargaon	Mech-1	80825	0	80825
Maharashtra	Amravati	Mech-1	322001	306000	16001
	Jamner	Medium Staple	0	NA	#VALUE!
Uttar Pradesh	Hathras	B.T. Cotton	250	100668	-100418
	Hathras	Desi	0	64931	-64931
Telangana	Adilabad	Un-Ginned	943981	183427	760554
Karnataka	Bijapur	Bunny	31614	5532	26082
	Hubli	D.C.H.	670	160	510
	Hubli	B.T. Cotton	140	2879	-2739
	Raichur	H-44 Cotton	10545	13351	-2806
Commodity	Lint		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	Jan,2018	Dec,2018	
Punjab	Bhatinda	J-34	129200	164050	-34850
	Abohar	J-34	15810	24480	-8670
	Mansa	J-34	16524	21675	-5151
Haryana	Sirsa	J-34	19720	27710	-7990
Rajasthan	Sri-Ganganagar	J-34	39200	63500	-24300

Cotton Association of India Cotton Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				FEB ,2019	Jan ,2019	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	39988	40272	-285
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	40488	40772	-285
J-34(202)	26mm	3.5 - 4.9	23	41208	41624	-416
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	40400	41576	-1176
Shankar-6(105)	29mm	3.5 - 4.9	28	41850	42820	-970
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	43179	44340	-1161
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	44400	45420	-1020
DCH-32(107)	34mm	3.0 - 3.8	33	51800	55404	-3604



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