

### Domestic market summary

**Domestic market Scenario:** : 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. This may occur gradually over the next few months Average price of Lint at Sirsa during the month was Rs. 4484 per maund (of 37.32 Kg each), slightly higher compared to the previous month price of Rs.4341. Cotton fiber (Shankar-6) prices noticed highest this month in this season. Average price was Rs.43,200 per candy (of 355.6 kg each) during the month, which was Rs.41,850 per candy previous month. However, cotton spot market prices are expected to trade higher side due to higher local demand and low arrivals. In the coming month we expect Kapas price to remain to range bound with the price band of Rs 5900-6350 per quintal in the Rajkot market. Lint price at Sirsa is likely to be in range of Rs 4400-5200 per maund.

**Monthly Price Outlook :** In the coming month we expect Kapas price to remain at higher side with the price band of Rs 5900-6350 per quintal in the Rajkot market. Lint price at Sirsa is likely to be in range of Rs 4500-5200 per maund.

### **Major Market Highlights:**

**At present the current rate of 29mm good quality cotton is Rs. 46,050 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 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.

**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.5,900-6200 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 against earlier estimation of 330 lakh bales. The current year output is 10 percent lower than the



2017-18 season. Until now, around 67% of the cotton has arrived in the market this season. Moreover, increasing probability of El nino is a concern for Indian monsoon, and thereby for the Kharif grown fibre crop.

**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 32 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.

**This month's 2018/19 world cotton estimates show higher production and also to rise in ending stocks upto 17.7 million tonnes, and slightly lower trade.** Production is estimated up 350,000 bales in Brazil on higher area and 200,000 bales up in Pakistan based on arrivals at gins. Production is 100,000 bales lower in Australia due to weather. World trade is forecast 140,000 bales lower with reductions for Brazil and Indonesia on the export and import sides based on activity to date. Ending stocks for 2018/19 are forecast 590,000 bales higher this month, at 76.1 million bales. This would be 5.1 million bales below their revised 2017/18 level.

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
<b>Supply</b>									
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
<b>Total supply</b>	<b>433.39</b>	<b>421.02</b>	<b>412.61</b>	<b>428.04</b>	<b>387.56</b>	<b>183.54</b>	<b>206.04</b>	<b>102.07</b>	<b>48.07</b>
<b>Demand</b>									
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
<b>Total Demand</b>	<b>367.16</b>	<b>384.35</b>	<b>364.57</b>	<b>404</b>	<b>367</b>	<b>126.00</b>	<b>147.50</b>	<b>66.00</b>	<b>27.50</b>
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.

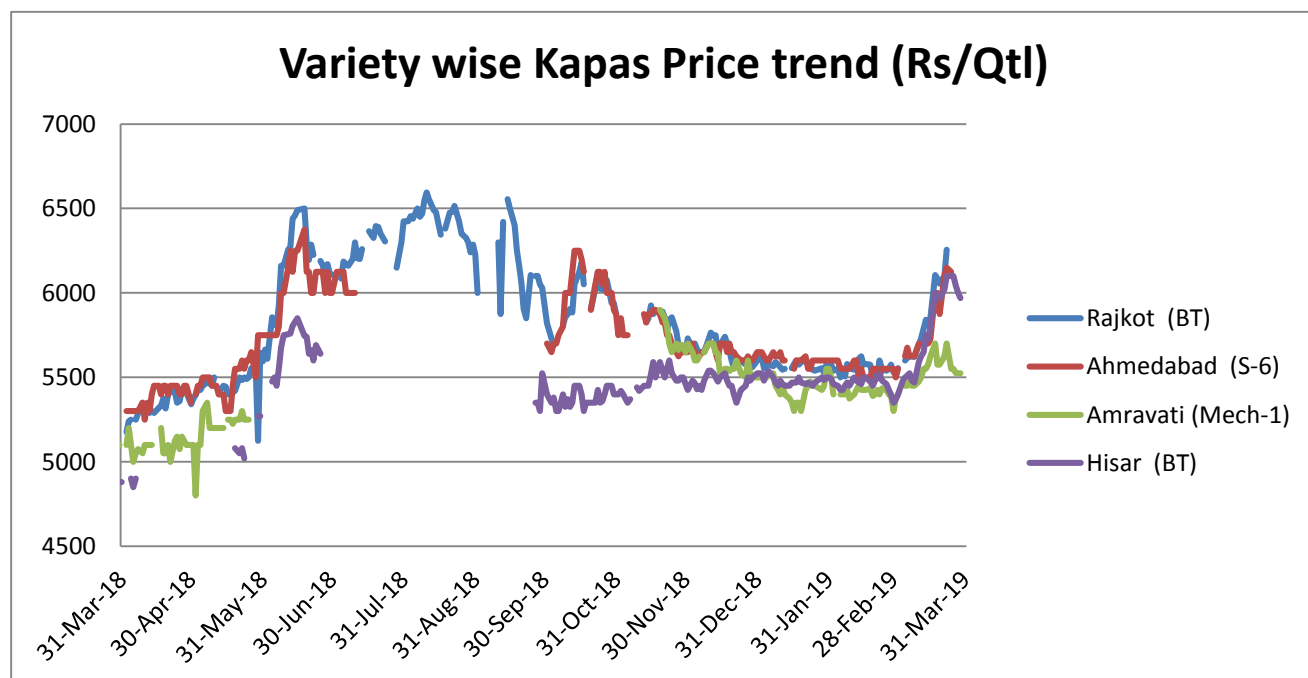
Ending stocks are expected to be around 20.57 lakh bales, it is lower compared to the ending stocks of previous season.

### Domestic Cotton Prices Scenario

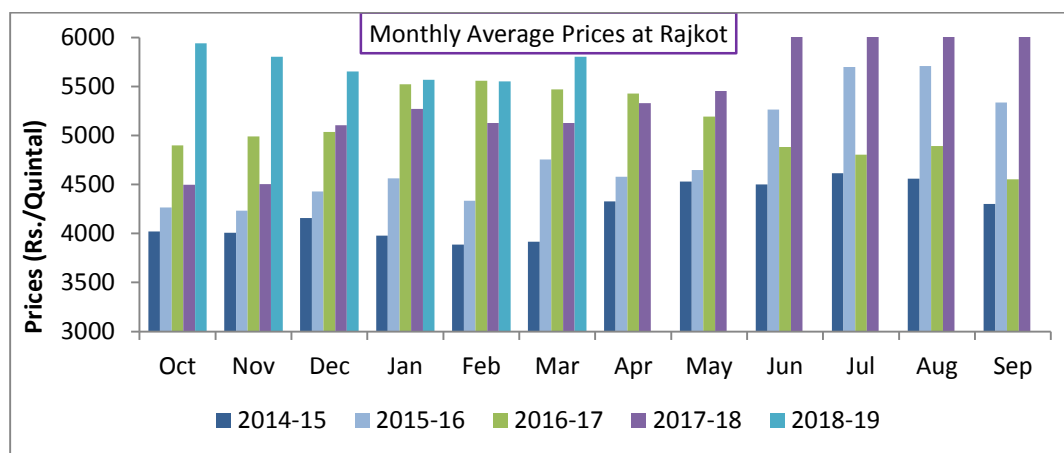
#### Kapas (Raw Cotton) Monthly Price Scenario

**Monthly Price Review:** Monthly kapas average price at Rajkot rose is Rs 5804 /quintal this month.

**Monthly Price Outlook:** Kapas prices are expected to remain firm in coming months. The expected range for Kapas at Rajkot is Rs 5900-6400 per quintal for the coming month.



### Kapas Monthly M-o-M Price Scenario

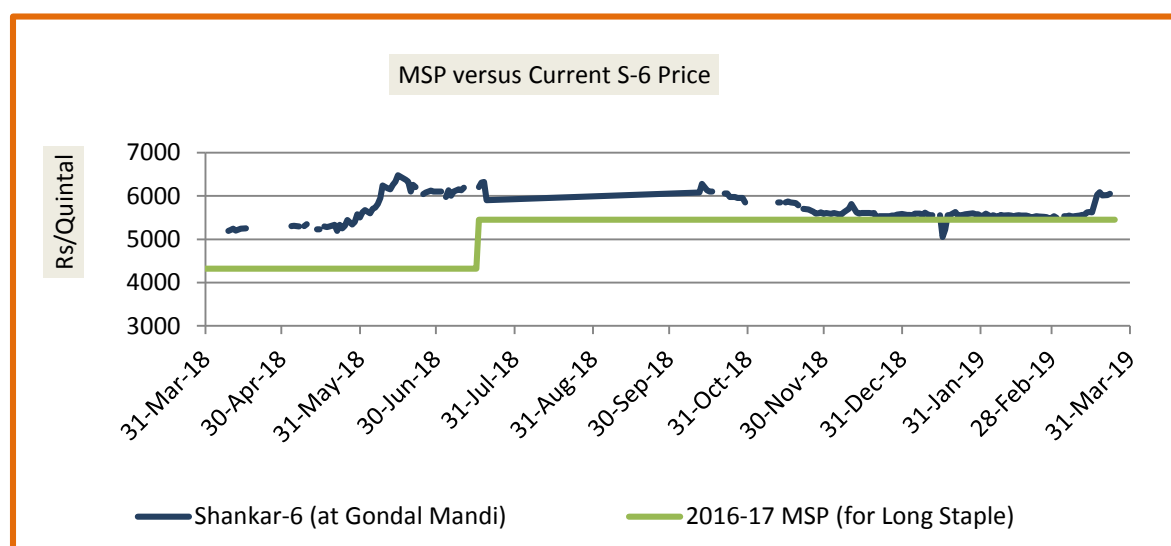


Kapas(seed cotton) prices in country noticed firm during the March month when compared to the previous month, and the same is ruling higher compared to the prices during the corresponding month of the previous season.

Monthly average price of Kapas at Rajkot remained Rs.5804 per quintal during Mar, which was Rs.5551 during previous month and Rs.5127 per quintal during the corresponding month last year. We expect Kapas prices to remain firm in the coming month. The expected price range for April month is likely to be Rs 5900-6250 per quintal.

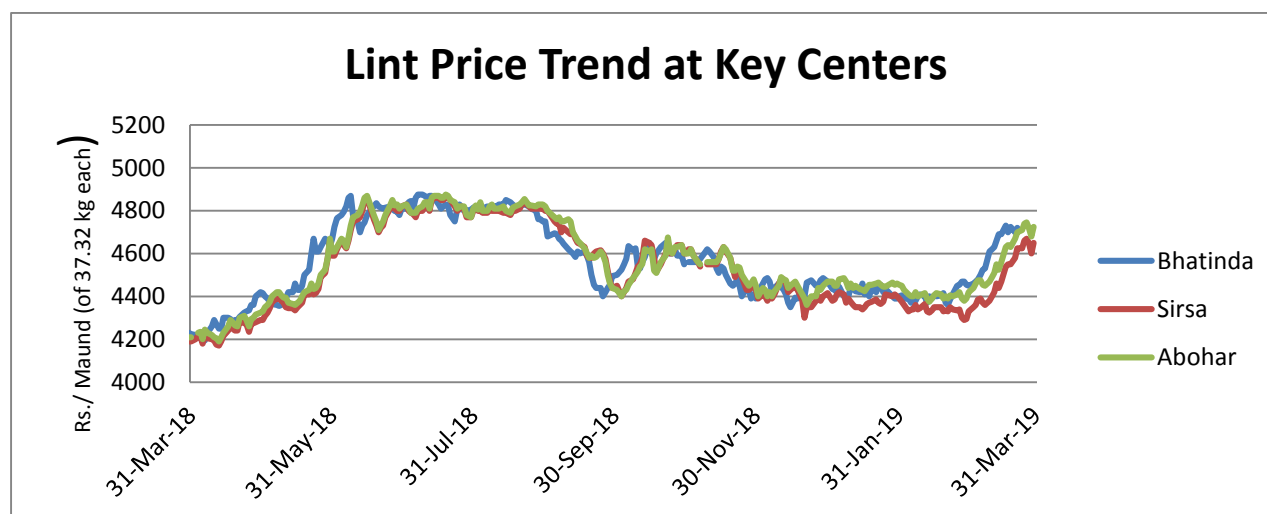
### Spot Price versus MSP

The Kapas prices are ruling much above the MSP so far. The gap between the two prices has increased in the month of Mar. The average gap between the prices surged by Rs.241.



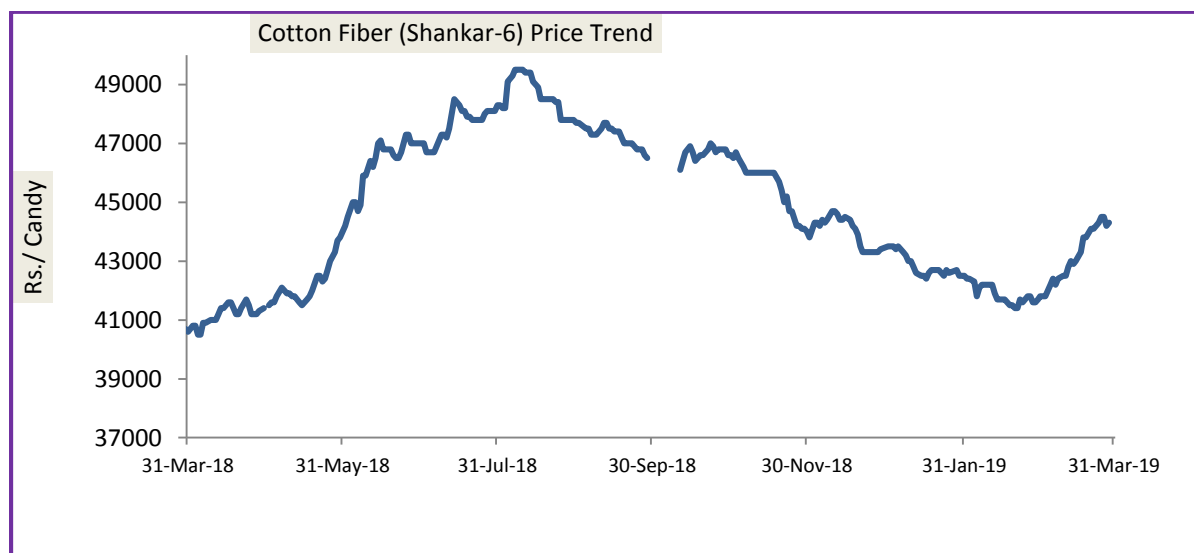
### Lint price Outlook

Lint prices remained higher during the month owing to tight tone prevailing in market. Monthly average price of Lint at Sirsa remained Rs 4484 per maund of 37.32 kg each, higher compared to the previous month price of Rs. 4341 per maund.



### Cotton Fiber price Outlook

Cotton fiber noticed up trend in this month compared to the previous month amid higher demand in domestic and international market monthly average prices noticed firmer due to decrease in arrivals, china and US trade war and currency disturbances. Average price was Rs.43136 per candy (of 355.6 kg each) during the month, which was Rs.41850 per candy previous month. And around Rs.40846 per candy during the corresponding month previous season. We expect cotton fiber to remain in range of Rs .44000 -48000 per candy in the coming month candy.



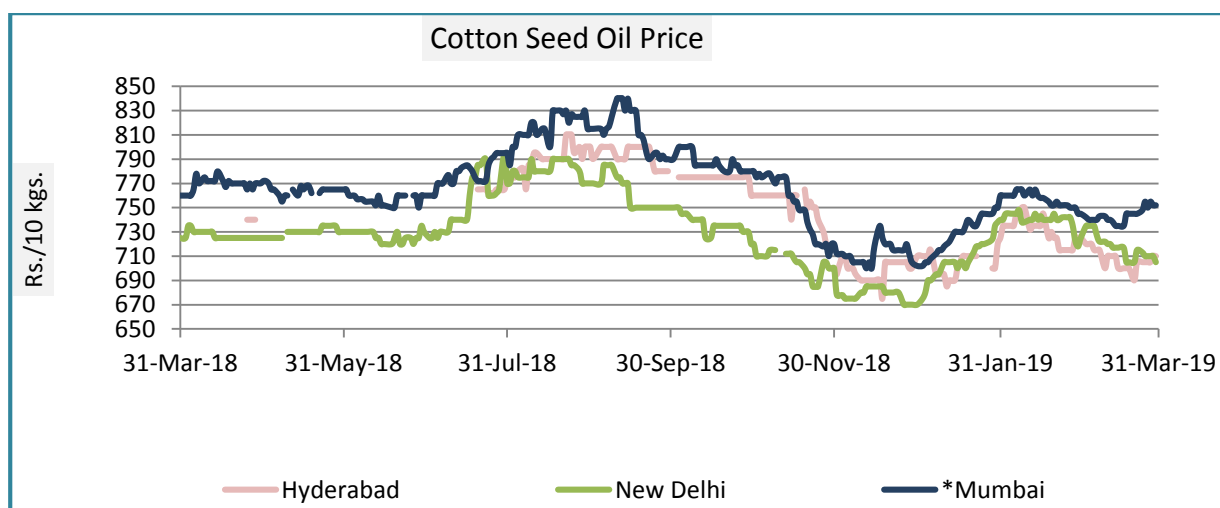


## Cotton Seed Oil and Cotton Seed Oil Cake

### Cotton Seed Oil monthly Price Scenario

Cotton seed oil price were weaker during the month. Monthly average price in New Delhi is Rs 717.3 per 10 Kg, lower compared to the monthly average price of Rs 739.9 per 10 Kg in previous month.

Centers	Monthly Average Price as on (Rs/10 kg.)		% Change
	Mar	Feb	
New Delhi	717.36	739.90	-3.05
Rajkot	731.80	739.80	-1.08
Hyderabad	707.28	724.00	-2.31
Mumbai*	743.60	755.50	-1.58



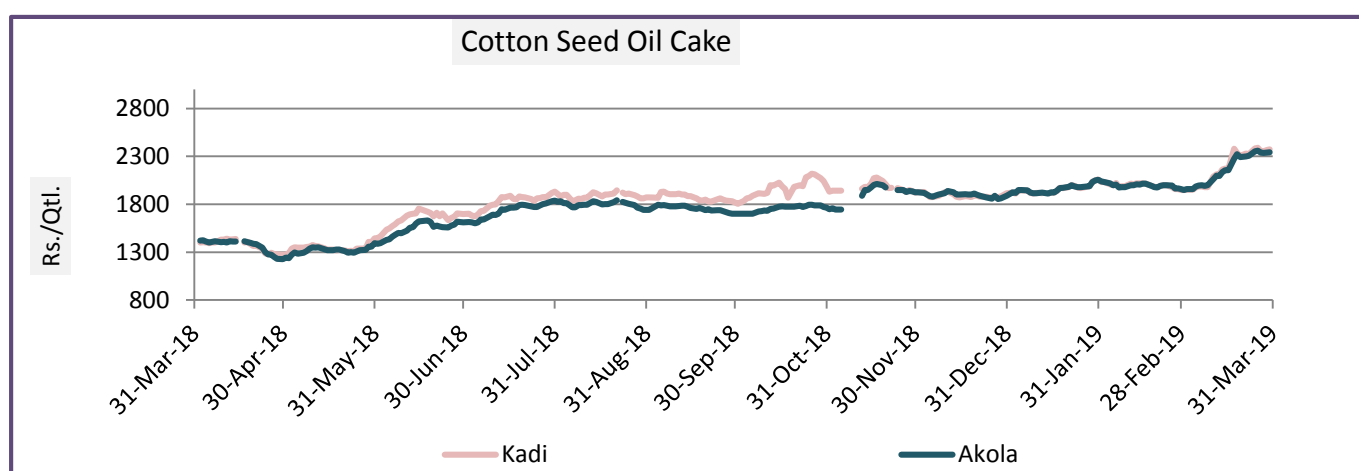
### Cotton Seed Oil Cake monthly Price Scenario

Cotton seed oil cake price noticed stronger during the March month. Monthly average price in Akola remained Rs.2164 per quintal, higher compared to the month average price of Rs 1996 per quintal in the previous month.



Centers	Monthly Average Price as on (Rs/quintal.)*		% Change
	Mar	Feb	
Kadi	2178.6	1997	9.09
Akola	2164	1996	8.42

\*Source: NCDEX



### International Market Scenario

International cotton prices were noticed slightly up during the month. Cotlook A index monthly average stood 83.84 at cents/pound this month, which was 81.15 cents/pound during last month

#### **Major Market Highlights:**

**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%.

**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.

**Net UPLAND sales** of 1,14,000 RB for 2018-2019 were reported for Turkey (41,200 RB), Vietnam (20,800 RB, including 3,600 RB switched from South Korea, 400 RB switched from Macau, and decreases of 4,500 RB), South



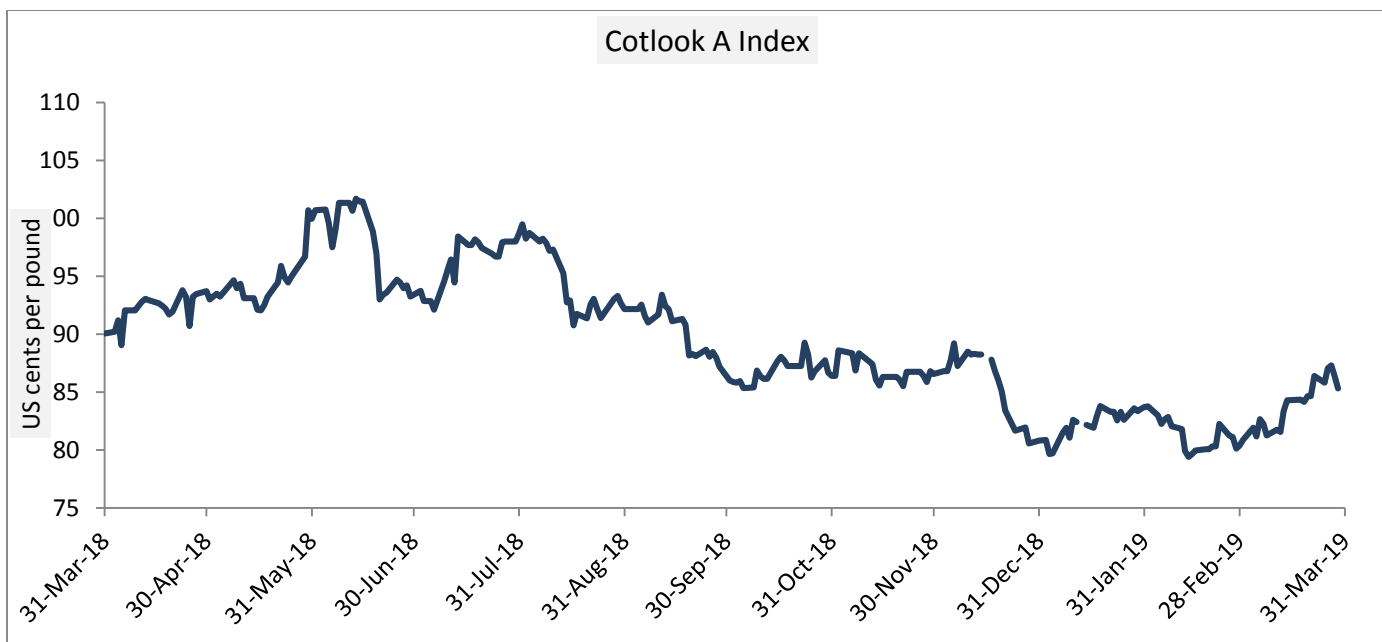
Korea (10,600 RB, including 2,200 RB switched from China and decreases of 500 RB), Pakistan (9,000 RB, including decreases of 9,400 RB), and Egypt (5,700 RB). Reductions were reported for China (1,200 RB), Macau (400 RB), and Brazil (200 RB).

**For 2019-2020, net UPLAND sales** of 25,700 RB reported for China (17,700 RB), Japan (4,400 RB), Pakistan (2,200 RB), Ecuador (1,300 RB), and Peru (700 RB), were partially offset by reductions for Thailand (500 RB) and Malaysia (200 RB). UPLAND Exports of 3,59,000 RB were primarily to Vietnam (97,700 RB), China (43,500 RB), Pakistan (43,000 RB), Turkey (38,100 RB), and India (25,400 RB).

### Cotlook A Index

Cotlook A index remained weak during the Month.

Cotlook A Index	Monthly Average Price as on		% Change
	Mar	Feb	
Prices	83.84	81.15	3.31
Prices in US cents per Pound			

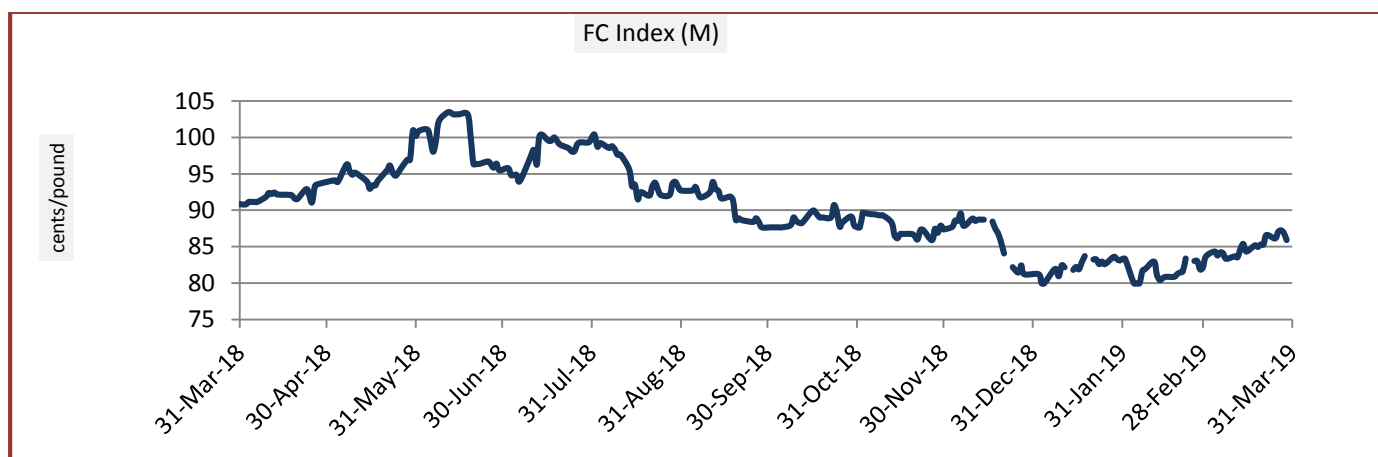






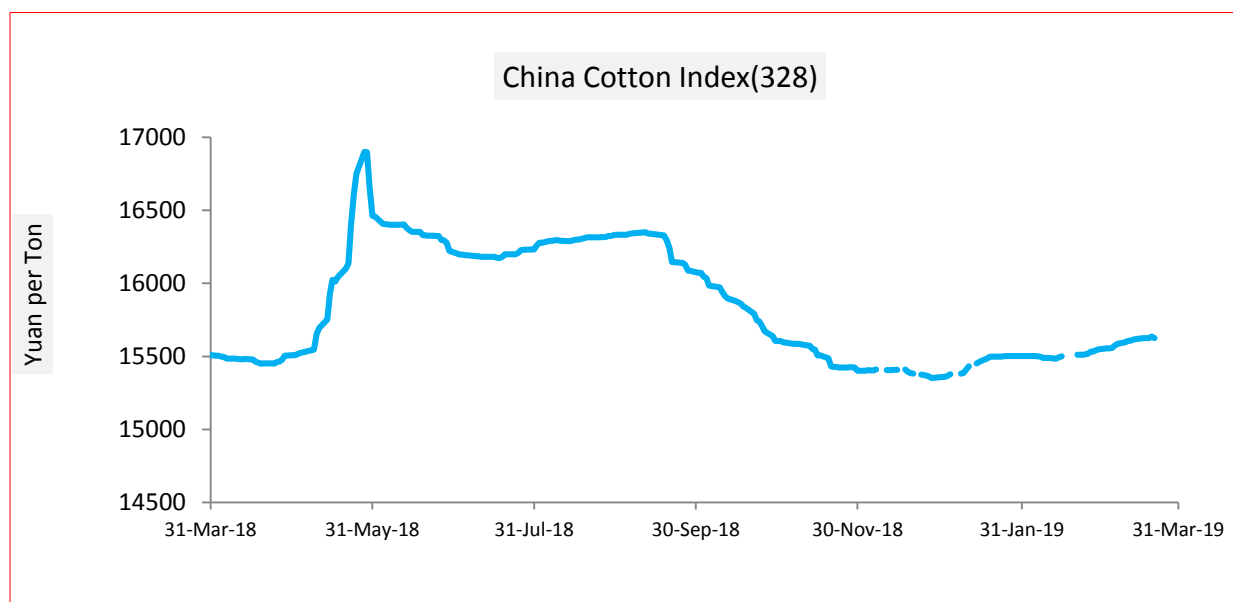
### China Cotton Index and Foreign Cotton Index

Cotton Index	Monthly Average Price as on		% Change
	Mar	Feb	
FC (S)	89.01	85.87	3.66
FC (M)	85.00	81.57	4.20
FC (L)	82.68	78.94	4.74
Prices in US cents per Pound			



China Index remained slightly firm during the Month. CC Index (328) remained 15580 Yuan per ton during the month. Average was 15500 Yuan per ton during previous month.

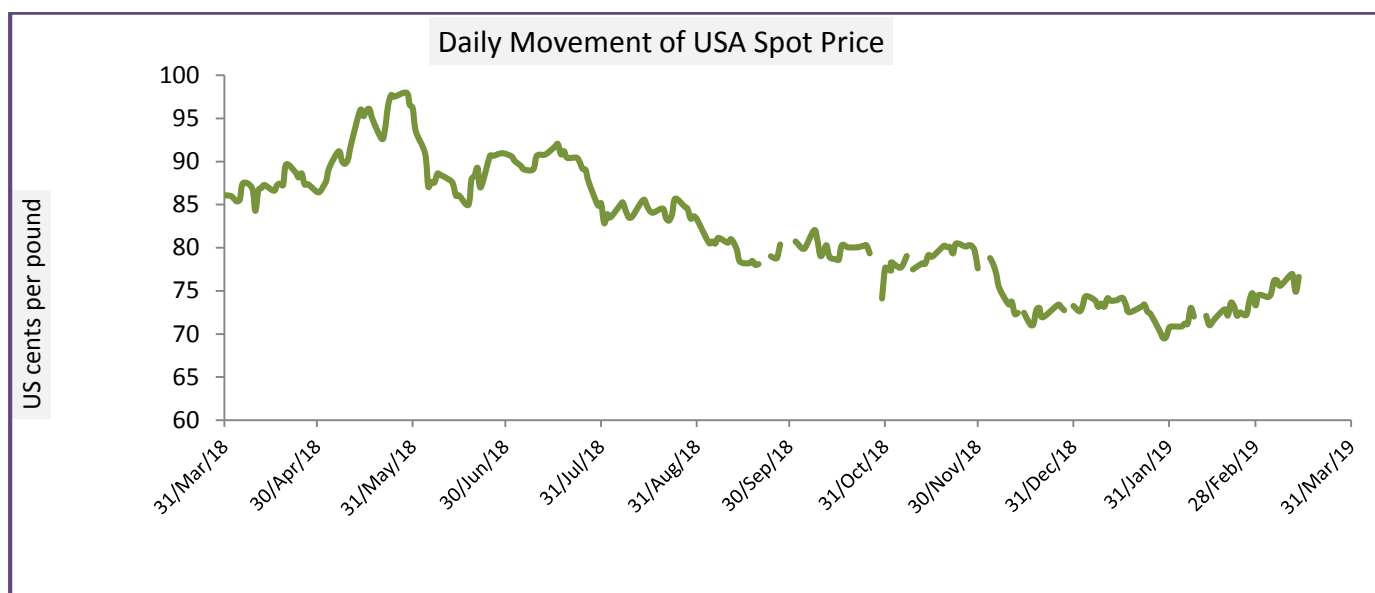
Cotton Index	Monthly Average Price as on		% Change
	Mar	Feb	
CCIndex(328)	15580	15500	0.52
CCIndex(527)	14600	14557	0.30
CCIndex(229)	16027	15995	0.20
Prices in Yuan per ton			



### USA Spot Prices

Cotton was firmer last month as overall demand continues to impact the US market. On the other hand, world production is going higher in the growing season for major producers around the world, including Brazil & Pakistan. Demand for US Cotton has been satisfying, as the weekly export sales reports have shown good 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 have slightly risen in the last week of March and there is hope that China might start to look at the US crop as US-China trade war had made some progress during March, 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
	Mar	Feb	
Prices	74.34	71.64	3.77
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 produced 10.772 million bales up to April 1 recording a shortfall of 6.90 per cent over the corresponding period last year. Ginners are currently holding 809,195 unsold cotton stocks compared to 486,963 bales held in the same period last year. The textile spinning industry purchased less cotton during the period under review at 9.963m bales as against 11.084m bales last year while exporters also booked smaller quantity of cotton at 102,330 bales as against 216,615 bales in the last season. Cotton growers have been using uncertified seed and poor quality pesticides which eventually led to reduced per acre yield. The huge import bill which has swelled over \$1.2 billion could only be reduced once domestic cotton production has increased.

Karachi Spot Prices	Monthly Average Price as on		% Change
	Mar	Feb	
Prices	8782	8764.3	0.20
Prices in Rs per 37.32 Kg			



**Commodity: Cotton**  
**Contract: April**

**Exchange: MCX**  
**Expiry: April 20, 2019**

### Cotton

COTTON 1904(MXCTNJ9)2019/04/04 - Daily B:22110.00 A:22150.00  
 O 21910.00 H 22150.00 L 21910.00 C 22130.00 ↑ V 4,002 T 2,204,540 I 15,823 +230 +1.05%  
 EMA(9) 21752 (18) 21595



### Technical Commentary:

- Cotton 29 mm MCX Apr contract faces resistance at 22,500.
- Relative strength indicator (RSI) reached in overbought region.
- PVO analysis indicate short covering.
- Candlestick pattern of daily chart shows rise in prices on bullish movement in the market on low selling pressures.

We will advise traders to buy today.

### Strategy: Buy

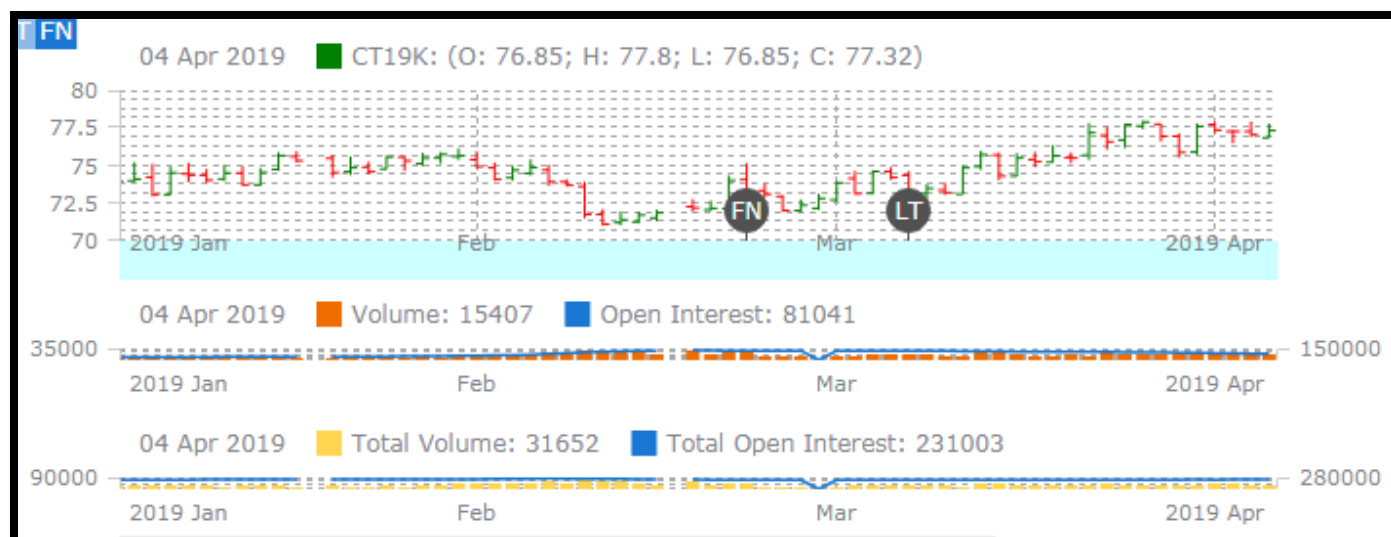
Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Cotton	MCX	Apr	21823	21976	22000	22216	22303
Intraday Trade Call			Call	Entry	T1	T2	SL
Cotton	MCX	Apr	Buy	22063	22089	22102	22047

\* 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.
- Both Volume & Open Interest increased.
- 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	72-77

#### Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
70	65	80	100

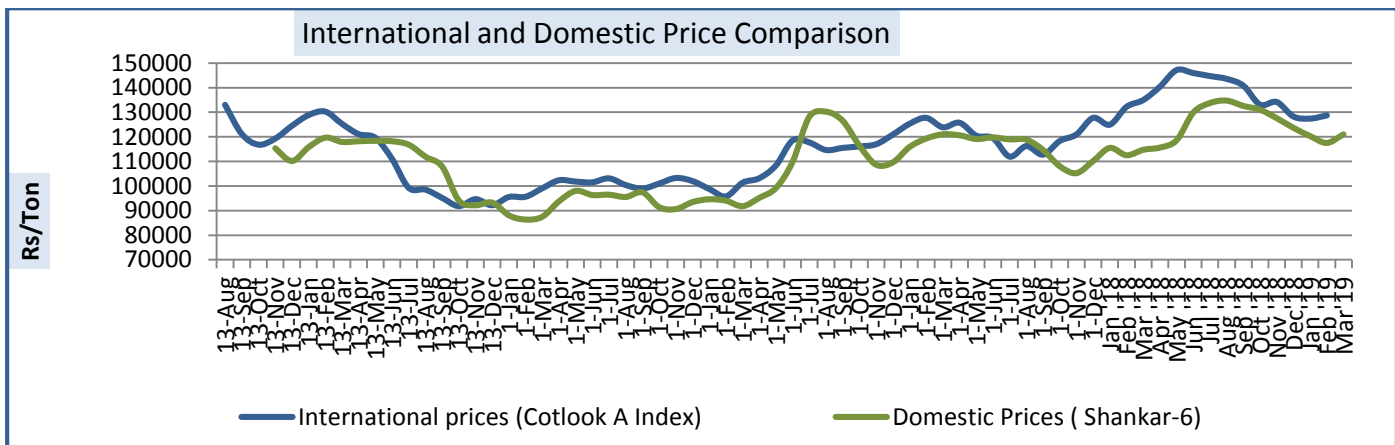
Figures in US cents/pound

## Cotton Future Prices at ICE

### Future Price Trend (Active Contract):

Cotton Prices in Future Contract on ICE						Prices in cents/Lb	
Contracts	29_Mar_2019	27_Feb_2019 (1 month ago)	29_Dec_2018 (3 month ago)	29_Sep_2018 (6 month ago)	29_Mar_2018 (Year Ago)	% Change over a month	% Change over previous year
1-May-19	77.61	72.36	73.50	78.14	81.46	7.26	-4.73
1-Jul-19	78.31	73.58	74.63	78.94	81.8	6.43	-4.27
1-Oct-19	75.98	73.45	73.58	76.76	79.23	3.44	-4.10
1-Dec-20	75.44	73.00	73.30	76.37	77.73	3.34	-2.95
1-Mar-20	76.10	74.07	74.26			2.74	

### International and Domestic Price Comparison



### Domestic Cotton Prices and Arrivals at Key Centers

#### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Montly Prices Average (Rs./Quintal)		Change
State	Centre	Variety	Mar,2019	Feb,2019	
Gujarat	Ahmedabad	Shankar-6	5736	5550	186
	Gondal	Shankar-6	5675	5535	140
	Rajkot	B.T. Cotton	5779	5552	227
	Patan	B.T. Cotton	5717	5518	199

	Kadi	B.T. Cotton	5863	5569	294
	Deesa	B.T. Cotton	0	5100	-5100
	Dhrol	B.T. Cotton	5485	4989	496
Haryana	Bhiwani	B.T. Cotton	5697	5656	41
	Bhiwani	Desi	0	NA	-
	Adampur	B.T. Cotton	5740	5461	279
	Fatehabad	B.T. Cotton	5756	5443	313
	Jind	B.T. Cotton	5438	5683	-245
	Uchana	B.T. Cotton	5745	5449	296
	Dabwali	B.T. Cotton	1930	5545	-3615
Rajasthan	Hanumangarh	B.T. Cotton	4170	5486	-1316
	Rawatsar	B.T. Cotton	4100	5467	-1367
Madhya Pradesh	Khandwa	Mech-1	5761	5511	250
	Khargaon	Mech-1	5767	5442	325
Maharashtra	Amravati	Mech-1	5567	5410	157
	Jamner	Medium Staple	0	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	212	5870	-5658
	Hathras	Desi	192	5731	-5539
Telangana	Adilabad	Un-Ginned	4716	4945	-229
Andhra Pradesh	Guntur	Un-Ginned	5799	5436	363
	Kurnool	Un-Ginned	2464	5852	-3388
	Krishna	Un-Ginned	0	5736	-5736
	East Godavari	Un-Ginned	5249	5185	64
Karnataka	Bijapur	Bunny	6373	6054	319
	Hubli	D.C.H.	4734	3833	901
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	5775	5581	194
Commodity	Lint		Montly Prices Avg. (Rs./Maund of 37.32kg each)		Change
State	Centre	Variety	Mar,2019	Feb,2019	
Punjab	Bhatinda	J-34	4546	4394	152
	Abohar	J-34	4557	4404	153
	Mansa	J-34	4517	4371	146
	Muktsar	J-34	4473	4341	132

	Fazilika	J-34	2902	4098	<b>-1196</b>
Haryana	Sirsa	J-34	4818	4743	<b>75</b>
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Monthly Sum Arrivals (Quintal)		Change
	Centre	Variety	Mar,2019	Feb,2019	
Gujarat	Ahmedabad	Shankar-6	48365	1283500	<b>-1235135</b>
	Gondal	Shankar-6	633.9	24585	<b>-23951</b>
	Rajkot	B.T. Cotton	2307	59635	<b>-57328</b>
	Patan	B.T. Cotton	2317	68172	<b>-65855</b>
	Kadi	B.T. Cotton	23600	680000	<b>-656400</b>
	Deesa	B.T. Cotton	0	20	<b>-20</b>
	Dhrol	B.T. Cotton	86.2	3812	<b>-3726</b>
Haryana	Bhiwani	B.T. Cotton	822.9	30300	<b>-29477</b>
	Bhiwani	Desi	0	0	<b>Unch</b>
	Adampur	B.T. Cotton	376	11900	<b>-11524</b>
	Fatehabad	B.T. Cotton	222.4	7285	<b>-7063</b>
	Jind	B.T. Cotton	629	18727	<b>-18098</b>
	Uchana	B.T. Cotton	2058	71098	<b>-69040</b>
	Dabwali	B.T. Cotton	32	3975	<b>-3943</b>
Rajasthan	Hanumangarh	B.T. Cotton	463	28400	<b>-27937</b>
	Rawatsar	B.T. Cotton	398	29600	<b>-29202</b>
Madhya Pradesh	Khandwa	Mech-1	838	42384	<b>-41546</b>
	Khargaon	Mech-1	1530	80825	<b>-79295</b>
Maharashtra	Amravati	Mech-1	13000	322001	<b>-309001</b>
	Jamner	Medium Staple	0	0	<b>Unch</b>
Uttar Pradesh	Hathras	B.T. Cotton	0	250	<b>-250</b>
	Hathras	Desi	0	0	<b>Unch</b>
Telangana	Adilabad	Un-Ginned	27922	943981	<b>-916059</b>
Andhra Pradesh	Guntur	Un-Ginned	1692	31614	<b>-29922</b>
	Kurnool	Un-Ginned	58	670	<b>-612</b>
	Krishna	Un-Ginned	0	140	<b>-140</b>
	East Godavari	Un-Ginned	370	10545	<b>-10175</b>



Karnataka	Bijapur	Bunny	9117	26316	-17199
	Hubli	D.C.H.	50	11	39
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	1570	4697	-3127
Commodity	Lint		Monthly Sum Arrivals (Quintal)		Change
State	Centre	Variety	Mar,2019	Feb,2019	
Punjab	Bhatinda	J-34	3332	3128	204
	Abohar	J-34	490	94	396
	Mansa	J-34	401	2278	-1877
Haryana	Sirsa	J-34	690.2	1675	-985
Rajasthan	Sri-Ganganagar	J-34	946	NA	-

#### Cotton Association of India Cotton Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				Mar,2019	Feb,2019	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	44800	44108	692
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	45301	44608	693
J-34(202)	26mm	3.5 - 4.9	23	46150	45200	950
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	44477	42748	1729
Shankar-6(105)	29mm	3.5 - 4.9	28	47588	46112	1476
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	48615	47004	1611
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	50292	47900	2392
DCH-32(107)	34mm	3.0 - 3.8	33	61742	59208	2534

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