

COTTON WEEKLY RESEARCH REPORT

18 March 2019

Domestic market summary

Domestic market Scenario: Indian Domestic prices traded firm during this week, mainly due to lower daily arrivals and good demand for Indian cotton from China. 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. Average price of Lint at Sirsa during the week was Rs.4375 per maund (of 37.32 Kg each), slightly stronger from the previousweek price of Rs 4325. Cotton fiber (Shankar-6) prices noticed slightly up trend this week Average price was Rs 42566 per candy (of 355.6 kg each) during the week, which was Rs 41983 per candy previous week.

Weekly Price Outlook: In the coming week we expect Kapasprice to remain to be firm with the price band of Rs 5600-5900per quintal in the Rajkot market. Lint price at Sirsa is likely to be in range of Rs 4200-5000 per maund.

Major Market Highlights:

- Cotton prices continued to trade firm taking cues from international market and good demand witnessed from china and also arrivals has been decreasing w-o-w.
- Indian Rupee remained stable between 69.08 to 70.15 during this week.
- Gujarat 29 mm Cotton sold between 42,000 to 43,000 Rs./Candy.
- All India Daily Arrivals remained between 1,10,000 to 1,25,000 bales.
- During this week NY future gained 201 points W/W.
- CCI is going to commence the sale of 1.1 million bales cotton procured in the 2018-2019 (October-September) and it expects another 4-5 lakh bales would be procured in the coming weeks. Cotton procured sale may probably start from first week of the April. The government had raised the support price for cotton by 26% this year. Prices have improved 2-4% from the recent lows and currently hovering around 20,800 rupees per bale. Prices may rise even more as China started buying Indian cotton from last month.
- The Punjab state agriculture department has started preparing for upcoming cotton sowing season that normally starts by April end and continues throughout May. The state department this year has fixed the target of cotton sowing in 3.20 lakh hectares as compared 2.83 lakh hectares of last year.
- 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



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	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 rose 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.

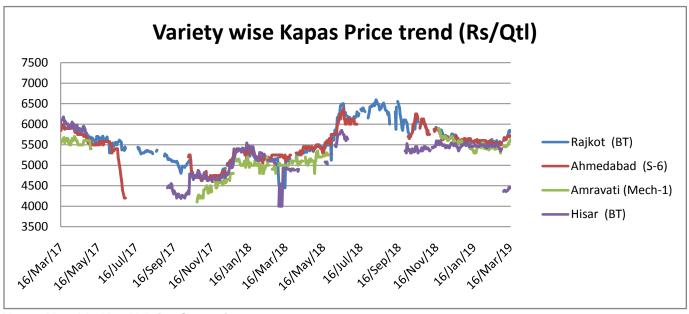
Ending stocks are expected to be around 20.57 lakh bales, it is lower compared to the ending stocks of previous season.

Domestic Cotton Prices Scenario

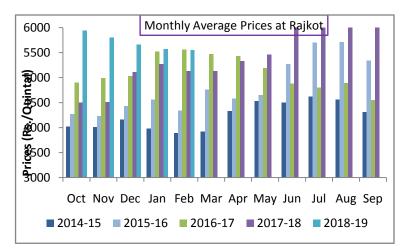
Kapas (Raw Cotton) Weekly Price Scenario

Weekly Price Review: Weekly kapas average price at Rajkot rose is Rs 5716/quintal this week.

Weekly Price Outlook: Kapas prices are expected to remain firm in coming days. The expected range for Kapas at Rajkot is Rs 5600-5900per quintal for the coming week.



Kapas Monthly M-o-M Price Scenario



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

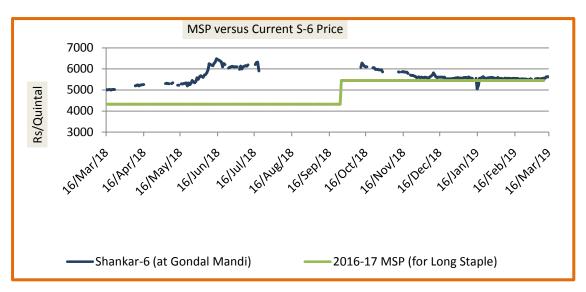
Monthly average price of Kapas at Rajkot remained Rs. 5551 per quintal during Jan, which was Rs.5568during previous month and Rs.5128per quintal during the corresponding month last year.We expect Kapas prices to

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

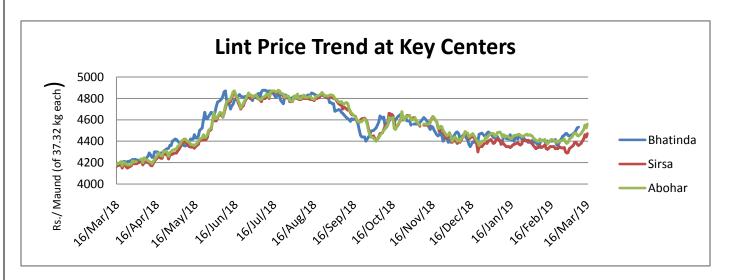
The Kapas prices are ruling above the MSP so far. The gap between the two prices has increased thisweek of Mar. The average gap between the prices was Rs 95 compared to Rs 83 aweek earliar, this means prices are Increasing.





Lint price Outlook

Lint prices remained firm during the weekowing to week tone prevailing in market. Weekly average price of Lint at Sirsa remained Rs 4398 per maund of 37.32 kg each, ascompared to the previous week price of Rs 4351 per maund.



Cotton Fiber price Outlook

Cotton fiber noticed up trend in this week compared to the previous week. Average price was Rs 42566 per candy (of 355.6 kg each) during the week, which was Rs 41986 per candy previous week. and around Rs 41083per candy during the corresponding week previous season. We expect cotton fiber to remain in range of Rs 40000 -43000 per candyin the coming week candy.





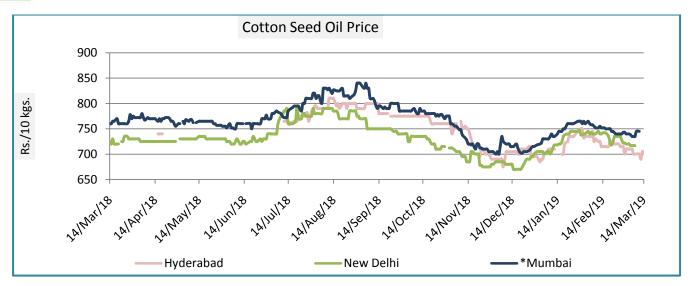
Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil weeklyPrice Scenario

Cotton seed oil price noticed weakduring the week. Weekly average price in New Delhi is Rs 720 per 10 Kg, to the weekly average price of Rs 733 per 10 Kg in previous week.

	Weekly Average Pri	ce as on (Rs/10 kg.)	% Change
	14-Mar-19	7-Mar-19	% Change
New Delhi	720.7	733	-1.68
Rajkot	726.4	728	-0.22
Hyderabad	700	708	-1.13
Mumbai*	738	741	-0.40



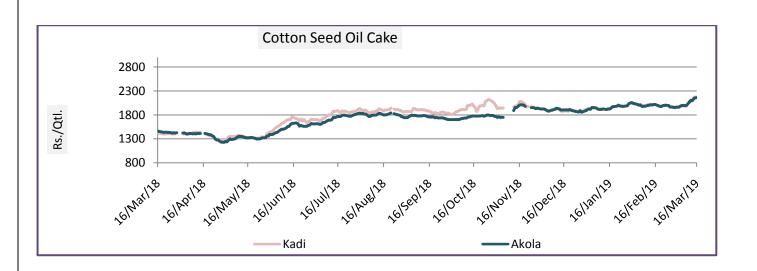


Cotton Seed Oil Cake weeklyPrice Scenario

Cotton seedoil cake price noticed firm during the week. Weekly average price in Akola remained Rs 2054.4 per quintal,lower compared to the weekly average price of Rs 1975 per quintal in the previous week.

	Weekly Average Pric		
Centers	14-Mar-19	7-Mar-19	% Change
	2060.5	1966	4.81
Kadi			
	2054.4	1975	4.02
Akola			
			*O - · · · · · · NODEV

*Source: NCDEX





International Market Scenario

International cotton prices slightly traded firm during the week. Cotlook A index weekly average stood 82.40 cents/pound this week, which was 81.76 at cents/pound during last week.

Major Market Highlights:

US export sales were beyond requires pace but shipment was disappointing. There was at least one very positive piece of information on the report. China was the week's largest buyer with 49300 bales of net new orders. China's reappearance bodes well for sales and certainly caught traders' attention.

Net UPLAND sales of 1,66,00 RB for 2018-2019 were reported for China (49,300 RB, including decreases of 11,000 RB), Turkey (35,400 RB), Indonesia (20,800 RB), Vietnam (14,000 RB, including 2,600 RB switched from South Korea and decreases of 8,800 RB), and Bangladesh(11,000 RB).

For 2019-2020, net UPLANDsales of 23,100 RB were primarily for China (19,000 RB) and Thailand (2,600 RB).

UPLANDExports of 2,87,000 RB were primarily to Vietnam (78,700 RB), Pakistan (52,700 RB), China (23,900 RB), Turkey (22,800 RB), andMexico (21,100 RB)

Net sales of PIMAtotaling 29,300 RB for 2018-2019 were primarily for China (13,400 RB), Turkey (5,000 RB), Vietnam (4,400 RB), Peru (2,600 RB), and India (2,100 RB). For 2019-2020, total net sales of 1,600 RB were reported for India.

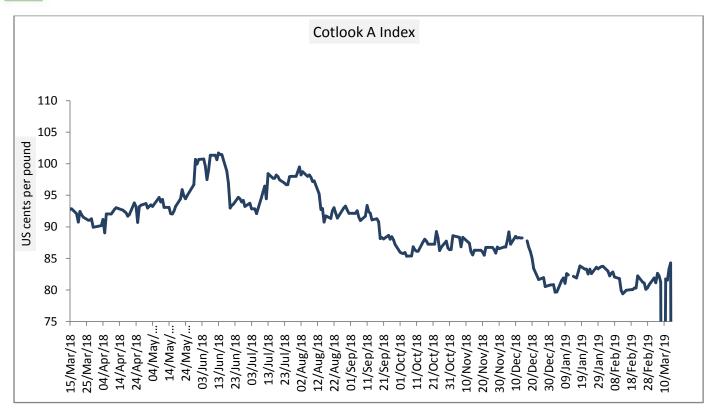
PIMAExports of 13,000 RB were primarily to India (5,700 RB), Vietnam (3,600 RB), Peru (1,700 RB), and Pakistan (1,400 RB).

Cotlook A Index

Cotlook A index noticed slightly firm during the week. The Cotlook A Index was up 95 points on March 14 to 84.30 cents/lb. The USDA Adjusted World Price (AWP) was updated to 64.10 cents/lb on Thursday, up 68 points from the week prior.

Cotlook A Index	WeeklyAverage Price as on look A Index		% Change		
	14-Mar-19	07-Mar-19			
Prices	82.40	81.76	0.79		
Prices in US cents per Pound					





China Cotton Index and Foreign Cotton Index

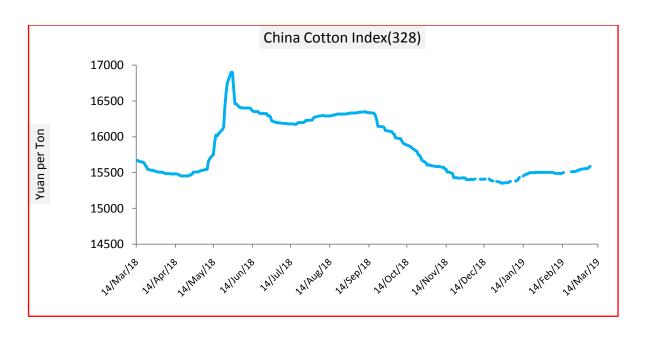
Cotton Index	Monthly Avera	% Change		
	14-Mar-19	07-Mar-19	, a criting	
FC (S)	87.77	87.55	0.25	
FC (M)	84.12	84	0.14	
FC (L)	81.62	81.54	0.10	
Prices in US cents per Pound				





China Index slightly firmd uring the Week. CC Index (328) remained 15555 Yuan per ton during the week. Average was 15527 Yuan per ton during previous week.

Cotton Index	Monthly Avera	% Change	
	14-Mar-19	07-Mar-19	, o o
CCIndex(328)	15555	15527	0.18
CCIndex(527)	14572.83	14552	0.14
CCIndex(229)	16013	15994	0.12
			Prices in Yuan per ton





USA Spot Prices

Cotton was sharply high during last week last week as weak 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 Avera	% Change			
·	14-Mar-19	07-Mar-19			
Prices	73.11	72.78	0.46		
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	Monthly Avera	% Change		
Prices	14-Mar-19	07-Mar-19	j	
Prices	8776.6	8760	0.19	
Prices in Rs per 37.32 Kg				

Weekly Technical Outlook:

Commodity: Cotton Exchange: MCX
Contract: Mar Expiry: Mar 29, 2019

Cotton

Technical Commentary:

- Cotton 29 mm MCX Mar contract broke the important support of 20'450.
- 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 bullish 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.

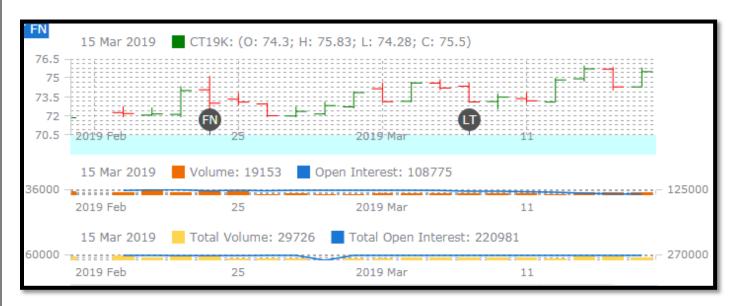


Strategy: Sell

Intraday Supports & Resistances		S2	S1	PCP	R1	R2	
Cotton	MCX	Mar	20900	21000	21170	21600	21700
Intraday Trade Call		Call	Entry	T1	T2	SL	
Cotton	MCX	Mar	Sell	21180	21170	21200	21186



Technical Analysis of Cotton Future ('Mar19 Contract) at ICE



- Candlesticks denotes bullish 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	73-77

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
72	70	100	95

Figures in US cents/pound

Cotton Future Prices at ICE

Future Price Trend (Active Contract):

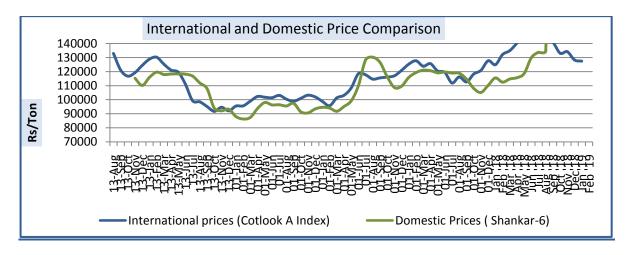
Cotton Prices in Future Contract on ICE						Prices in ce	nts/Lb
Contracts	12_Mar_20 19 (1 month ago)	12_Feb_20 19 (1 month ago)	12_Dec_20 18 (3 month ago)	12_Oct_20 18 (6 month ago)	12_Mar_2 018 (Year Ago)	% Change over a month	% Change over previous year
01-May-19	74.85	71.11	81.01	80.41	83.28	5.26	-10.12



01-Jul-19	76.04	72.44	81.55	80.99	83.21	4.97	-8.62
01-Oct-19	74.92	72.60	78.55	78.58	79.88	3.20	-6.21
01-Dec-20	74.28	72.37	77.73	78.37	78.72	2.64	-5.64
01-Mar-20	75.12	73.52	78.41			2.18	



International and Domestic Price Comparision



Cotton Prices at Key Spot Markets:

Commodity	Караѕ		Weekly Aver (Rs./Qı		
State	Centre	Variety	08th March to 14th March 2019	01st March to 07th March 2019	Change
	Ahmedabad	Shankar-6	5633	5583	50
Gujarat	Gondal	Shankar-6	5548	5524	23
Gujarat	Rajkot	B.T. Cotton	5656	5559	97
	Patan	B.T. Cotton	5608	5540	68



	Kadi	B.T. Cotton	5650	5621	29
	Deesa	B.T. Cotton	0	0	Unch
	Dhrol	B.T. Cotton	5268	5263	5
	Bhiwani	B.T. Cotton	5721	5650	71
	Bhiwani	Desi	0	0	Unch
	Adampur	B.T. Cotton	5531	5447	84
Haryana	Fatehabad	B.T. Cotton	5533	5465	68
	Jind	B.T. Cotton	5676	5742	-67
	Uchana	B.T. Cotton	5522	5463	59
	Dabwali	B.T. Cotton	4518	3557	962
5	Hanumangarh	B.T. Cotton	4490	5485	-995
Rajasthan	Rawatsar	B.T. Cotton	4442	5450	-1008
	Khandwa	Mech-1	5601	5508	92
Madhya Pradesh	Khargaon	Mech-1	5513	5444	69
B# - L L 4	Amravati	Mech-1	5463	5413	50
Maharashtra	Jamner	Medium Staple	0	0	Unch
Hittor Duo do al-	Hathras	B.T. Cotton	0	3467	-3467
Uttar Pradesh	Hathras	Desi	0	3167	-3167
Telangana	Adilabad	Un-Ginned	5450	5338	113
	Bijapur	Bunny	5809	5658	151
Karnataka	Hubli	D.C.H.	2657	2640	17
Karnataka	Hubli	B.T. Cotton	0	0	Unch
	Raichur	H-44 Cotton	5508	4366	1142
Commodity	L	int	Prices (Rs./Mau		
State	Centre	Variety	08th March to 14th March 2019	01st March to 07th March 2019	Change
	Bhatinda	J-34	4438	4420	18
Punjab	Abohar	J-34	4452	4429	23
	Mansa	J-34	4418	4398	19
Haryana	Sirsa	J-34	4375	4348	27
Rajasthan	Sri-Ganganagar	J-34	3292	4089	-797



Cotton Arrivals in Key Centers:

Commodity	Ka	pas	Weekly Sum Ar	rivals (Quintal)	
State	Centre	Variety	08th March to 14th March 2019	01st March to 07th March 2019	Change
	Ahmedabad	Shankar-6	290700	323000	-32300
	Gondal	Shankar-6	3999	5889	-1890
	Rajkot	B.T. Cotton	13945	16025	-2080
Gujarat	Patan	B.T. Cotton	13524	14624	-1100
	Kadi	B.T. Cotton	160000	180000	-20000
	Deesa	B.T. Cotton	0	0	Unch
	Dhrol	B.T. Cotton	778	986	-208
	Bhiwani	B.T. Cotton	7100	5300	1800
	Bhiwani	Desi	0	0	Unch
	Adampur	B.T. Cotton	2635	2635	Unch
Haryana	Fatehabad	B.T. Cotton	1350	1450	-100
	Jind	B.T. Cotton	4542	4590	-48
	Uchana	B.T. Cotton	20293	14281	6012
	Dabwali	B.T. Cotton	750	350	400
Rajasthan	Hanumangarh	B.T. Cotton	4800	3000	1800
Kajastnan	Rawatsar	B.T. Cotton	5500	3000	2500
Madhua Dradach	Khandwa	Mech-1	7031	8641	-1610
Madhya Pradesh	Khargaon	Mech-1	9100	15310	-6210
Maharashtra	Amravati	Mech-1	85000	80001	4999
Manarashtra	Jamner	Medium Staple	0	0	Unch
Uttar Pradesh	Hathras	B.T. Cotton	0	50	-50
Ollar Frauesii	Hathras	Desi	0	0	Unch
Telangana	Adilabad	Un-Ginned	202080	132656	69424
	Bijapur	Bunny	6305	6488	-183
Vanatala	Hubli	D.C.H.	211	354	-143
Karnataka	Hubli	B.T. Cotton	0	0	Unch
	Raichur	H-44 Cotton	2601	1581	1020
Commodity	L	int	Weekly Sum Ar	rivals (Quintal)	
State	Centre	Variety	08th March to 14th March 2019	01st March to 07th March 2019	Change
Punjab	Bhatinda	J-34	23800	27200	-3400
. апјав	Abohar	J-34	3400	3740	-340



	Mansa	J-34	2295	3060	-765
Haryana	Sirsa	J-34	4930	4930	Unch
Rajasthan	Sri-Ganganagar	J-34	7000	3500	3500

Commodity	Kapas		Today	Week Ago	Month Ago	Year Ago
State	Centre	Variety	14-Mar-19	7-Mar-19	14-Mar-19	14-Mar-18
	Ahmedabad	Shankar-6	5700	5625	5700	#N/A
	Gondal	Shankar-6	5620	5550	5620	5500
	Rajkot	B.T. Cotton	5840	5625	5840	5530
Gujarat	Patan	B.T. Cotton	5770	5590	5770	5515
	Kadi	B.T. Cotton	5900	5700	5900	5550
	Deesa	B.T. Cotton	0	0	0	NA
	Dhrol	B.T. Cotton	5540	5235	5540	NR
	Bhiwani	B.T. Cotton	5900	5700	5900	5600
	Bhiwani	Desi	0	0	0	NA
	Adampur	B.T. Cotton	5750	5525	5750	5350
Haryana	Fatehabad	B.T. Cotton	5750	5550	5750	5350
, .	Jind	B.T. Cotton	NA	5750	NA	5700
	Uchana	B.T. Cotton	5745	5535	5745	5385
	Dabwali	B.T. Cotton	NA	0	NA	NR
Dainathan	Hanumangarh	B.T. Cotton	5770	0	5770	Closed
Rajasthan	Rawatsar	B.T. Cotton	5700	0	5700	Closed
Madhua Duadach	Khandwa	Mech-1	5731	5550	5731	5491
Madhya Pradesh	Khargaon	Mech-1	5900	5470	5900	5427
Mahayaabtya	Amravati	Mech-1	5550	5475	5550	5300
Maharashtra	Jamner	Medium Staple	0	0	0	NA
Hittan Duadaah	Hathras	B.T. Cotton	0	0	0	NA
Uttar Pradesh	Hathras	Desi	0	0	0	NA
Telangana	Adilabad	Un-Ginned	5580	0	5580	5400
	Bijapur	Bunny	6151	5699	6151	5929
Karnataka	Hubli	D.C.H.	4501	4689	4501	NA
	Hubli	B.T. Cotton	NA	0	NA	NA



	Raichur	H-44 Cotton	5700	5500	5700	5470
Commodity	Lint		Today	Week Ago	Month Ago	Year Ago
State	Centre	Variety	14-Mar-19	7-Mar-19	14-Mar-19	14-Mar-18
	Bhatinda	J-34	4500	4470	4500	4160
Punjab	Abohar	J-34	4550	4475	4550	4160
	Mansa	J-34	4525	4440	4525	4125
Haryana	Sirsa	J-34	#N/A	#N/A	#N/A	4150
Rajasthan	Sri-Ganganagar	J-34	4230	0	4230	3854

Cotton Arrivals in	Key Centers:					
Commodity	K	apas	Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)
State	Centre	Variety	14-Mar-19	7-Mar-19	14-Mar-19	14-Mar-18
	Ahmedabad	Shankar-6	47600	51000	47600	59500
	Gondal	Shankar-6	562	660	562	#N/A
	Rajkot	B.T. Cotton	2400	2020	2400	#N/A
Gujarat	Patan	B.T. Cotton	1700	2095	1700	3450
	Kadi	B.T. Cotton	30000	20000	30000	#N/A
	Deesa	B.T. Cotton	0	0	0	#N/A
	Dhrol	B.T. Cotton	59	67	59	#N/A
	Bhiwani	B.T. Cotton	500	1500	500	1200
	Bhiwani	Desi	0	0	0	#N/A
	Adampur	B.T. Cotton	340	340	340	#N/A
Haryana	Fatehabad	B.T. Cotton	50	250	50	#N/A
	Jind	B.T. Cotton	NA	850	NA	#N/A
	Uchana	B.T. Cotton	1275	4495	1275	#N/A
	Dabwali	B.T. Cotton	NA	0	NA	#N/A
Daisath an	Hanumangarh	B.T. Cotton	500	0	500	#N/A
Rajasthan	Rawatsar	B.T. Cotton	500	0	500	#N/A
	Khandwa	Mech-1	774	1630	774	#N/A
Madhya Pradesh	Khargaon	Mech-1	1120	1660	1120	#N/A
Makanashina	Amravati	Mech-1	15000	15000	15000	#N/A
Maharashtra	Jamner	Medium Staple	0	0	0	#N/A
Litter Due de els	Hathras	B.T. Cotton	0	0	0	#N/A
Uttar Pradesh	Hathras	Desi	0	0	0	#N/A





Telangana	Adilabad	Un-Ginned	23370	0	23370	4591
	Bijapur	Bunny	1903	691	1903	2766
Karnataka	Hubli	D.C.H.	200	37	200	4
Namataka	Hubli	B.T. Cotton	NA	0	NA	0
	Raichur	H-44 Cotton	360	352	360	892
Commodity	Lint		Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)	Arrivals (Quintal)
State	Centre	Variety	14-Mar-19	7-Mar-19	14-Mar-19	14-Mar-18
State	Centre Bhatinda	Variety J-34	14-Mar-19 1700	7-Mar-19 4250	14-Mar-19 1700	14-Mar-18 6800
State		·				
State Punjab	Bhatinda	J-34	1700	4250	1700	6800
	Bhatinda Abohar	J-34 J-34	1700 340	4250 680	1700 340	6800 1020

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