Speech of Shri. Atul S. Ganatra, President, Cotton Association of India at the 96th Annual General Meeting held on Friday, 28th December 2018

My Dear Members,

I extend a hearty welcome to each one of you to this 96th Annual General Meeting of our Association.

You already have with you the annual accounts of the Association together with the Auditors' Report thereon, Directors' Report covering various activities of the Association and other information which we have circulated to all the members well in advance as required under the law. With your kind permission, I take the same as read.

I would like to share my thoughts on the Indian cotton sector.

COTTON IS AN IMPORTANT CASH CROP IN INDIA

Agriculture is the primary source of earning for about 58% of India's population. Cotton is an important cash crop in India which provides employment to over 60 million farmers and other connected with the production, processing and marketing of cotton in India.

India is playing an ever-important role in the world cotton market. It is the world leader in terms of the acreage under cotton. Over 1/3rd of the total cotton acreage in the world is in India. India is the largest cotton producer, the second largest exporter next only to USA and the second largest consumer next only to China.

India also has a huge textile industry which is mainly cotton based and we have huge opportunity of value addition. India also has a large import market.

CHALLENGES AND OPPORTUNITIES

Productivity of cotton in India had largely increased over the years but it is not increasing now during the last few years. As against the world average productivity mark of over 770 kilos per hectare, productivity of cotton in India is still at the low level of only about 500 kilos per hectare.

Friends, as you all know, there is hardly any scope for further increase in the acreage under cotton in India and therefore, the only way to match the increasing consumption of cotton domestically is to increase productivity. I am worried that if the

situation is not improved quickly, the day is not far off when the consumption of cotton in India will surpass production, and India which is today a nett cotton exporter country, will become a nett cotton importer country.

INTERNATIONAL COTTON SCENARIO

In its latest estimate, the International Cotton Advisory Committee (ICAC), has projected the world cotton production for 2018-19 season at 26.12 million tons which is lower by 0.63 million tons, compared to the previous season, due to a reduction in planting area, water availability and limited improvement in yields. The world cotton consumption estimated by ICAC at 26.8 million tons is likely to outpace production. Stock levels in China and elsewhere in the world are expected to decrease from 18.8 million tons to 18.2 million tons, due to the huge decrease in stocks held by China.

THE ROLE OF CAI IN FUTURE

As you all are aware, the CAI is no longer a commodity exchange and therefore it had to re-orient its role to continue to be relevant for the continuous growth of the cotton sector. CAI has given importance to serving the cotton economy better and more efficiently.

CAI has set up cotton testing and research laboratories in various cotton growing regions of the country. CAI has allocated two large rooms in its Cotton Exchange building, at Cotton Green and allotted a sum of Rs. 1.25 crore during a period of 5 years, for setting up of a cotton farmer training school. The purpose of such a cotton school in the CAI premises in Cotton Green is to educate cotton farmers about modern agro-techniques and best management practices suited for growing cotton through correct use of inputs in different agro-climatic zones across India.

We have set up a Members' Lounge on the 2nd floor of the CAI building, where we have provided all the modern amenities for the facility of CAI members.

I request all the members to use this facility.

CAI has achieved another landmark step by tying up with India's biggest exchange, that is, BSE – Bombay Stock Exchange, for developing the futures cotton contract.

This BSE-CAI developed contract, will help the cotton trade to provide a much- needed ideal futures trading platform to the entire cotton trade in India.

During this one year, the Association has organised an annual dinner at Mahalaxmi racecourse in Mumbai.

This annual dinner was highly appreciated by all the members, and on suggestion of all the members, we would like to continue this tradition this year and hopefully, for many years to come.

I very happily wish to inform and invite each one of the members to our annual dinner for this year, which will be held in the 3rd week of January.

The exact date and time will be informed to all the members shortly.

My colleagues of the CAI board, CAI members and I together have organised two very successful domestic conferences. The first conference in Mumbai in April was attended by more than 500 trade people, and the second conference held in October in Aurangabad was attended by around 1000 trade people.

Both the conferences were appreciated by the entire cotton trade people. In future, we will continue organising domestic conferences.

Also, I wish to inform all the members that from 6th March to 8th March, 2019, we have organised an international cotton conference at Hotel Trident in Mumbai. I request all the members to attend this international conference organised by CAI in large numbers.

I thank my colleagues of the CAI board, and all the CAI members, who have helped me in organising these successful conferences.

I can also proudly claim to have received unconditional support and co-operation from each one of you, for which I am greatly thankful!

Friends, during my tenure as the CAI president, I have received the whole-hearted support from the Ministries of Textiles, Agriculture and Cooperation, Commerce and Industry, Office of the Textile Commissioner, Cotton Corporation of India, Directorate of Cotton Development, CIRCOT and CICR and I deeply thank them all.

I also had the privilege of having the invaluable guidance of elders like Shri. Sureshbhai Kotak and Shri. P. D. Patodia who always blessed us with their wise counsel from time to time for which I am deeply thankful to them.

I am fortunate to have received the support of the most dedicated bunch of directors and the members of various committees. I whole-heartedly thank each one of them for their continuous efforts in bringing our new ideas to life.

I also thank all the members without whose support; it would not have been possible for me to discharge my duties as the CAI president. It is my humble request to all the members to continue lending similar support and cooperation to the activities of the CAI in future as well.

I also express our sincere thanks to all upcountry cotton trade associations and cooperative cotton marketing societies, for their invaluable support and assistance.

I also wish to convey our sincere thanks to my fellow office bearers, Shri. Bhupendra Singh Rajpal (Pappubhai), our Vice-President; Shri. Vinay N. Kotak, our Additional Vice-President; Shri Shyam Makharia, our Hon. Treasurer and our Senior Director, Shri. Arun Sekhsaria, for their invaluable support and guidance to me.

The Secretary, Managers and entire staff of the Association have worked very hard and with a sense of responsibility throughout the year. I truly appreciate their efforts.

Last but not the least; I sincerely thank the press and media for providing excellent coverage to various press releases and the activities of the Association throughout the year

Thank you

Thank you very much

All the best

Technical Analysis

Price outlook for Gujarat-ICS-105, 29mm and ICE cotton futures for the period 01/01/19 to 31/01/19

(The author is Director of Commtrendz Research and the views expressed in this column are his own and the author is not liable for any loss or damage, including without limitations, any profit or loss which may arise directly or indirectly from the use of following information.)

We will look into the Gujrat-ICS-105, 29mm prices along with other benchmarks and try to forecast price moves going forward.

As mentioned in the previous update, fundamental analysis involves studying and analysing various reports, data and based on that arriving at some possible direction for prices in the coming months or quarters.

Some of the recent fundamental drivers for the domestic cotton prices are:

• Cotton futures edged lower on MCX, driven by weak demand and stockists at the spot market. However, some losses were capped on lower production from major growing regions.

• The cotton yield in India is likely to be the lowest in three years. The crop has suffered heavy damage following drought in two major cotton-growing states of Gujarat and Maharashtra. The two states jointly account for half of India's cotton output.

• With deficient rainfall in major cotton growing centres of India and lower yields since last 2-3 months, the crop estimation at this stage is at least 5-8% lower than last year.

• The Cotton Association of India (CAI) has estimated cotton crop for 2018-19 crop year at 340.25 lakh bales of 170 kgs. each which is lower by 3.00 lakh bales than its previous estimate of 343.25 lakh bales made during last month.

Some of the fundamental drivers for International cotton prices are:

• ICE cotton futures were down about 2 percent to more than one-year lows on Wednesday, weighed down by a stronger dollar. Demand for cotton has also been weak over the past few months, especially due to the lack of buying from top consumer China because of a trade dispute with the United States.

• China's cotton output continued to rise this year, with Xinjiang remaining as the largest cotton growing area, official data showed. Cotton output increased 7.8 percent year on year to nearly 6.1 million tonnes, according to the National Bureau of Statistics (NBS). The total area of cotton fields expanded 4.9 percent to 3.35 million hectares, and the yield per hectare edged up 2.8 percent.

• Meanwhile, The Economist Intelligence Unit expects growth in global cotton consumption to slow down from an estimated 9.8% year on year in 2017/18 (August-July) to 2.5% in 2018/19 as the 25% tariff on US cotton imports imposed by China, the world's largest cotton consumer, disrupts its supply chains and consumption. A pest outbreak in India, dry conditions in the US and Chinese tariffs on US cotton, are set to push global output down by 1.3% year on year in 2018/19.

EXPERT's Column

Shri Gnanasekar Thiagarajan
Director, Commtrendz Research

As mentioned in the previous update, prices might continue heading southwards to 12,100 or even lower to 11,700 levels in the coming sessions from where a possible retracement looks likely. One of the targets has been met. And mostly prices could decline further and then bounce back higher again, as we see chances of a possible intermediate bottom from here on. Important supports are at 11,500-700 levels now.

saw prices fall below 21,000 levels. The fall below 21,700 opened the downside to 20,300 from where a bounce has been seen. Scope remains for some more downside, but chances are bright for a bullish reversal too, targeting near 21,900-22,000 levels in the coming month. Supports are at 20,400-500 levels now.

As mentioned previously, a decline below 12,800 could hint at weakness again.Extremely oversold indications warn of getting excessively bearish at present levels and expect a pullback to 13,000-13300 levels in the coming month. Indicators are also hinting at a possible reversal in the coming sessions, but there is scope for some more downside before that is established.

We will also look at the ICE Cotton futures charts for a possible direction in international prices.

As mentioned earlier, we expected a retracement to $82-83c levels followed by a decline lower below 75c. Prices have moved exactly as per expectations. The fall below 75c has further accentuated the decline. Chances exist for a test of even 67c on the downside, before a reversal takes place on the upside from there. So, presently, we see the downside continue, but it could be limited.

MCX January Contract Chart

The MCX benchmark January cotton chart is moving exactly as per expectations. As expected, we

CONCLUSION:

Both the domestic and international prices have tanked lower as per our expectations. The technical bigger picture is bearish now and upticks could be short-lived. But prices could correct higher after testing some important supports. Only, a close above 76-77c could hint at a bullish reversal again. Such a move could revive bullish hopes for 80c again. The international prices indicate more corrective upticks in the coming weeks, but the medium-term picture still looks neutral to negative, while the domestic prices also looks bearish before a upward reversal begins.

For Guj ICS supports are seen at 12,100 /qtl followed by 11,700 /qtl, and for ICE Oct cotton futures at 67-68c. Prices are nearing a strong long-term support zone and could take a while to find support and push higher from there. The domestic technical picture has turned weaker as the international one, but it might not be a one-way streak and corrections can be expected from time to time. We favour prices to consolidate testing support levels and then reversing higher from there.

UPCOUNTRY SPOT RATES

December 2018
2018-19 Crop

(₹/Quintal)

Growth	P/H/R	P/H/R	GUJ	KAR	M/M	P/H/R	M/M/A	M/M/A	P/H/R	M/M/A	M/M/A	P/H/R	M/M/A	GUJ	M/M/A/K	GUJ	M/M/A/K	M/M/A/K/T/O	A/K/T/O	M(P)/K/T
G. Standard	ICS-101	ICS-201	ICS-102	ICS-103	ICS-104	ICS-202	ICS-105	ICS-105	ICS-105	ICS-105	ICS-105	ICS-105	ICS-105	ICS-105	ICS-105	ICS-105	ICS-105	ICS-105	ICS-106	ICS-107
Grade	Fine	Fine	Fine	Fine	Fine	Fine	Fine	Fine	Fine	Fine	Fine	Fine	Fine	Fine	Fine	Fine	Fine	Fine	Fine	Fine
Staple	22 mm	22 mm	22 mm	23 mm	24 mm	26 mm	26 mm	26 mm	27 mm	27 mm	27 mm	28 mm	28 mm	28 mm	29 mm	29 mm	30 mm	31 mm	32 mm	34 mm
Micronaire	5.0-7.0	5.0-7.0	4.0-6.0	4.0-5.5	4.0-5.5	3.5-4.9	3.0-3.4	3.5-4.9	3.5-4.9	3.0-3.4	3.5-4.9	3.5-4.9	3.5-4.9	3.5-4.9	3.5-4.9	3.5-4.9	3.5-4.9	3.5-4.9	3.5-4.9	3.0-3.8
Strength/GPT	15	15	20	21	23	26	25	25	26	26	26	27	27	27	28	28	29	30	31	33
1	11642	11782	10461	10601	11670	11754	-	-	11895	-	-	11951	-	-	12092	12317	12429	12766	12991	16225
3	11642	11782	-	10601	11670	11810	-	-	11951	-	-	12092	-	-	12232	12457	12541	12823	13048	16366
4	11642	11782	-	10601	11585	11782	-	-	11923	-	-	12063	-	-	12232	12457	12541	12823	13048	16366
5	11642	11782	-	10601	11585	11782	-	-	11923	-	-	12063	-	-	12232	12429	12541	12823	13048	16366
6	11642	11782	-	10629	11614	11810	-	-	11951	-	-	12092	-	-	12288	12485	12598	12823	13048	16366
7	11614	11754	-	10601	11585	11782	-	-	11923	-	-	12063	-	-	12260	12457	12570	12795	13048	16366
8	11614	11754	-	10601	11585	11810	-	-	11951	-	-	12092	-	-	12288	12485	12598	12795	13048	16366
10	11670	11810	-	10657	11642	11895	-	-	12035	-	-	12176	12176	-	12317	12570	12626	12879	13104	16422
11	11670	11810	-	10657	11642	11951	-	-	12092	-	-	12232	12176	-	12317	12570	12626	12879	13104	16422
12	11642	11782	-	10629	11614	11923	-	-	12063	-	-	12204	12148	-	12317	12541	12570	12823	13048	16366
13	11585	11726	-	10573	11557	11867	-	-	12007	-	-	12148	12092	-	12260	12485	12513	12766	12991	16310
14	11585	11726	-	10517	11501	11782	-	-	11923	-	-	12063	12035	-	12204	12485	12485	12738	12963	16281
15	11585	11726	-	10517	11529	11782	-	-	11923	-	-	12063	12063	-	12232	12513	12513	12766	12991	16310
17	11529	11670	-	10517	11529	11838	-	-	11979	-	-	12120	12063	-	12232	12485	12513	12766	12991	16310
18	11501	11642	-	10489	11501	11810	-	-	11951	-	-	12092	12035	-	12204	12429	12457	12738	12963	16281
19	11360	11501	-	10432	11445	11726	-	-	11867	-	-	12007	12007	-	12176	12401	12429	12710	12935	16281
20	11360	11501	-	10432	11445	11670	-	-	11810	-	-	11951	12007	-	12176	12345	12401	12682	12907	16281
21	11360	11501	-	10432	11445	11614	-	-	11754	-	-	11895	11951	-	12092	12232	12373	12626	12851	16281
22	11220	11360	-	10376	11389	11501	-	-	11642	-	-	11782	11895	-	12035	12176	12288	12570	12795	16225
24	11220	11360	-	10376	11389	11642	-	-	11782	-	-	11923	11754	-	12035	12176	12288	12570	12795	16225
25	HOLIDAY																			
26	11220	11360	-	10320	11389	11642	-	-	11782	-	-	11923	11754	-	12035	12176	12232	12513	12766	16085
27	11220	11360	-	10404	11389	11642	-	-	11867	-	-	12007	11754	-	12035	12176	12232	12513	12766	15944
28	11220	11360	-	10461	11389	11670	-	-	11895	-	-	12035	11754	-	12035	12176	12232	12485	12738	15803
29	11220	11360	-	10517	11389	11698	-	-	11979	-	-	12120	11782	-	12063	12204	12232	12485	12738	15747
31	11220	11360	-	10601	11445	11754	-	-	12035	-	-	12176	11838	-	12120	12232	12260	12513	12766	15747
H	11670	11810	10461	10657	11670	11951	-	-	12092	-	-	12232	12176	-	12317	12570	12626	12879	13104	16422
L	11220	11360	10461	10320	11389	11501	-	-	11642	-	-	11782	11754	-	12035	12176	12232	12485	12738	15747
A	11473	11613	10461	10526	11517	11757	-	-	11916	-	-	12053	11960	-	12180	12378	12444	12707	12940	16230

H = Highest   L = Lowest   A = Average

SAVE THE DATES
6th – 8th March 2019

COTTON ASSOCIATION OF INDIA

Established 1921

presents

Cotton India 2019
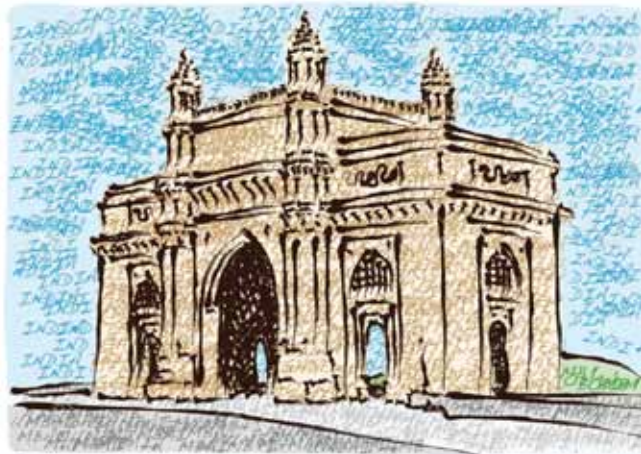
INTERNATIONAL CONFERENCE

IN
HOTEL TRIDENT, MUMBAI (INDIA)

UPCOUNTRY SPOT RATES

(Rs./Qtl)

Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Strength /GPT	24th	25th	26th	27th	28th	29th
						Standard Descriptions with Basic Grade & Staple in Millimetres based on Upper Half Mean Length [By law 66 (A) (a) (4)]			Spot Rate (Upcountry) 2018-19 Crop December 2018				
1	P/H/R	ICS-101	Fine	Below 22mm	5.0-7.0	15	11220 (39900)		11220 (39900)	11220 (39900)	11220 (39900)	11220 (39900)
2	P/H/R	ICS-201	Fine	Below 22mm	5.0-7.0	15	11360 (40400)	H	11360 (40400)	11360 (40400)	11360 (40400)	11360 (40400)
3	GUJ	ICS-102	Fine	22mm	4.0-6.0	20	- -		- -	- -	- -	- -
4	KAR	ICS-103	Fine	23mm	4.0-5.5	21	10376 (36900)	O	10320 (36700)	10404 (37000)	10461 (37200)	10517 (37400)
5	M/M	ICS-104	Fine	24mm	4.0-5.0	23	11389 (40500)		11389 (40500)	11389 (40500)	11389 (40500)	11389 (40500)
6	P/H/R	ICS-202	Fine	26mm	3.5-4.9	26	11642 (41400)		11642 (41400)	11642 (41400)	11670 (41500)	11698 (41600)
7	M/M/A	ICS-105	Fine	26mm	3.0-3.4	25	- -	L	- -	- -	- -	- -
8	M/M/A	ICS-105	Fine	26mm	3.5-4.9	25	- -		- -	- -	- -	- -
9	P/H/R	ICS-105	Fine	27mm	3.5.4.9	26	11782 (41900)		11782 (41900)	11867 (42200)	11895 (42300)	11979 (42600)
10	M/M/A	ICS-105	Fine	27mm	3.0-3.4	26	- -	I	- -	- -	- -	- -
11	M/M/A	ICS-105	Fine	27mm	3.5-4.9	26	- -		- -	- -	- -	- -
12	P/H/R	ICS-105	Fine	28mm	3.5-4.9	27	11923 (42400)		11923 (42400)	12007 (42700)	12035 (42800)	12120 (43100)
13	M/M/A	ICS-105	Fine	28mm	3.5-4.9	27	11754 (41800)	D	11754 (41800)	11754 (41800)	11754 (41800)	11782 (41900)
14	GUJ	ICS-105	Fine	28mm	3.5-4.9	27	- -		- -	- -	- -	- -
15	M/M/A/K	ICS-105	Fine	29mm	3.5-4.9	28	12035 (42800)		12035 (42800)	12035 (42800)	12035 (42800)	12063 (42900)
16	GUJ	ICS-105	Fine	29mm	3.5-4.9	28	12176 (43300)	A	12176 (43300)	12176 (43300)	12176 (43300)	12204 (43400)
17	M/M/A/K	ICS-105	Fine	30mm	3.5-4.9	29	12288 (43700)		12232 (43500)	12232 (43500)	12232 (43500)	12232 (43500)
18	M/M/A/K /T/O	ICS-105	Fine	31mm	3.5-4.9	30	12570 (44700)		12513 (44500)	12513 (44500)	12485 (44400)	12485 (44400)
19	A/K/T/O	ICS-106	Fine	32mm	3.5-4.9	31	12795 (45500)	Y	12766 (45400)	12766 (45400)	12738 (45300)	12738 (45300)
20	M(P)/K/T	ICS-107	Fine	34mm	3.0-3.8	33	16225 (57700)		16085 (57200)	15944 (56700)	15803 (56200)	15747 (56000)

(Note: Figures in bracket indicate prices in Rs./Candy)