

## Domestic Fundamentals:

**Market Outlook:** Cotton spot prices noticed steady to weak tone on Wednesday.

**In The News:** Cotton Association of India (CAI) has kept intact its cotton production estimates in October release as it was in previous month. Cotton output according to CAI would be around 370.50 lakh bales of 170 kg each during 2015-16 as compared to 382.75 lakh bales in 2014-15.

India is likely to export around 10 lakh bales of cotton to Pakistan as the country has faced the severe crop loss due to rain and flood, said cotton association of India. According to market participants, the situation will lent support to the cotton prices in domestic market.

Cotton production estimates of India are revised down by ICAC at 6.27 million tons, around 0.5% lower when compared to the estimates of previous week, which was 6.30 million tons. As compared to previous year, cotton production in country is likely to fall by around 3.7%, as it was 6.51 million tons previous season.

Government agencies have started the cotton procurement in Maharashtra. The Maharashtra State Co-Operative Cotton Growers Marketing Federation (MSCCGMF), a sub agency of CCI has procured around 39641 quintals of cotton from farmers at MSP in state so far. The agency at the commencement of the season said that it may procure upto 100 lakh quintals of cotton in 2015-16 against 27 lakh quintals it procured during previous season.

India exported 2.691 lakh bales of cotton last week (09 Nov-15 Nov 2015), which was 2.634 lakh bales previous to last week (09 Nov-15 Nov 2015), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.152 lakh bales last week, which was 0.028 lakh bales previous to last week.

Interest Equalization Scheme, formerly known as the Interest Rate Subvention Scheme, on pre-shipment and post-shipment of garments is expected to enhance cotton textile exports from India, said R.K. Dalmia, Chairman, Cotton Textiles Export Promotion Council (Texprocil). Following the rise in cotton textile exports, demand of raw cotton too is expected to surge in domestic market.

Gujarat state agriculture department has revised its first advance estimates for area, production and yield of major Kharif crop in the state for the season 2015-16. Cotton production figures has been revised down in the latest estimates at 92.57 lakh bales which was forecasted to be at 95.29 lakh bales in the previous estimates.

Cotton procurement by Government would be around 20 to 25 Lakh bales this year against the 87 lakh bales during the last year, said Cotton Corporation of India (CCI). As cotton prices are ruling above the MSP of Rs 4100 per quintal in most of the cotton trading states of country, CCI would be buying cotton at higher prices. Also the intervention of CCI is not necessary if farmers are getting the genuine price i.e. prices over and above of MSP.

### International Fundamentals:

In the latest estimates released by ABRES, cotton output figures have been revised upward for Australia. Cotton production in country is expected to be around 5.7 lakh tones according to the October estimates, around 21% higher when compared to the estimates of 4.7 lakh tons estimated in September.

As per the latest ICAC monthly estimates, Cotton ending stocks during the season 2015-16 at the global front are likely to be around 20.65 million tons around 0.4% lower as compared to the estimates of previous month and around 5.8% lower when compared to the estimates of ending stock for previous season i.e. 2014-15.

According to USDA, around 80% of the cotton has been harvested in USA as on 29 November 2015, which was 70% a week earlier and 83% during the same period last year. The five year average of the harvesting during the same period is however 88%, fairly higher than the current harvesting pace.

### Outlook

We expect domestic prices to remain range bound in the near -term.

#### NCDEX Kapas Futures\*: (Prices in Rs/20kg)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-16	--	--	--	--	--	--	--	--	--
Apr-16	4.5	856	862	855	859.5	3820	-38	14071	-306
Spread	Feb-16		Apr-16						
Spot	--		40.5						
Feb-16	--		--						

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)

\*Updated at 5:00 pm on 02 December 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Nov-15	20	16100	16190	16030	16120	1211	0	460	0
Dec-15	70	15940	16020	15930	16000	957	80	5789	-305
Jan-16	80	16110	16190	16100	16160	768	65	2994	264
Jan-16	80	16290	16370	16290	16340	63	-205	1530	27
Spread	Nov-15	Dec-15	Jan-16	Feb-16	--	--			
Spot	--								
Nov-15		120							
Dec-15			-160						
Jan-16				-180					
Feb-16									

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

\* Updated at 5:00 pm on 02 December 2015

**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Markets:**

Centre	Variety	Prices		Change
		2-Dec-15	1-Dec-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4125	4150	-25
Khandwa	Mech-1	4100	4100	Unch
Khargaon	Mech-1	4100	4100	Unch
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4400	4500	-100
Rajkot	B.T. Cotton	4500	4475	25
Patan	B.T. Cotton	4400	4400	Unch
Deesa	B.T. Cotton	4355	4375	-20
Dhrol	B.T. Cotton	NA	4495	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4500	4500	Unch
Adampur	B.T. Cotton	4350	4375	-25
Fatehabad	B.T. Cotton	4340	4400	-60
Dabwali	B.T. Cotton	4300	4300	Unch
Jind	B.T. Cotton	4343	4500	-157
Uchana (Jind)	B.T. Cotton	4414	4446	-32
Rawatsar (Hanumangarh)	B.T. Cotton	4200	4225	-25
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	4400	4400	Unch
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4450	4450	Unch
Gondal	Shankar-6	4455	4480	20
	<b>Kapas</b>			
Bhiwani	Desi	4600	4600	Unch
Jamner (Jalgaon)	Medium Staple	4100	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4375	NA	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	4017	4034	-17
East Godavari	Un-Ginned	4100	4100	Unch
	<b>Lint</b>	<b>Rs./Maund (of 37.32 Kg each)</b>		
Abohar	J-34	3440	3460	-20
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3440	3450	-10
Sirsa	J-34	3350	3410	-60
Mansa	J-34	3435	3450	-15

Sri-Ganganagar	J-34	4300	4350	<b>-50</b>
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**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		2-Dec-15	1-Dec-15	
Amravati	Mech-1	20500	20300	<b>200</b>
Khandwa	Mech-1	3000	4500	<b>-1500</b>
Khargaon	Mech-1	NA	NA	<b>-</b>
Mahesana(Kadi)	B.T. Cotton	90000	85000	<b>5000</b>
Rajkot	B.T. Cotton	3950	4000	<b>-50</b>
Patan	B.T. Cotton	19435	23270	<b>-3835</b>
Deesa	B.T. Cotton	2300	3375	<b>-1075</b>
Dhrol	B.T. Cotton	NA	898	<b>-</b>
Fazilika	B.T. Cotton	NA	NA	<b>-</b>
Muktsar	B.T. Cotton	NA	NA	<b>-</b>
Bhiwani	B.T. Cotton	10000	10000	<b>Unch</b>
Adampur	B.T. Cotton	1020	1190	<b>-170</b>
Fatehabad	B.T. Cotton	1800	1500	<b>300</b>
Dabwali	B.T. Cotton	1650	1950	<b>-300</b>
Jind	B.T. Cotton	340	425	<b>-85</b>
Uchana (Jind)	B.T. Cotton	2000	1800	<b>200</b>
Rawatsar (Hanumangarh)	B.T. Cotton	1000	1000	<b>Unch</b>
Hubli	B.T. Cotton	NA	NA	<b>-</b>
Hathras	B.T. Cotton	NA	NA	<b>-</b>
Hanumangarh	B.T. Cotton	3000	2000	<b>1000</b>
Ahmedabad	Shankar-6	76500	68000	<b>-17000</b>
Gondal	Shankar-6	4321	5064	<b>463</b>
Bhiwani	Desi	500	NA	<b>-</b>
Jamner (Jalgaon)	Medium Staple	45	NA	<b>-</b>
Hathras	Desi	NA	NA	<b>-</b>
Bijapur	Bunny	NA	NA	<b>-</b>
Hubli	D.C.H.	NA	NA	<b>-</b>
Raichur	H-44 Cotton	832	NA	<b>-</b>
Guntur	Un-Ginned	NA	NA	<b>-</b>
Kurnool	Un-Ginned	NA	NA	<b>-</b>
Krishna	Un-Ginned	NA	NA	<b>-</b>
East Godavari	Un-Ginned	NA	NA	<b>-</b>
Abohar	J-34	1020	850	<b>170</b>
Bhatinda	J-34	4250	4250	<b>Unch</b>
Sirsa	J-34	1700	1700	<b>Unch</b>
Mansa	J-34	850	850	<b>Unch</b>
Sri-Ganganagar	J-34	1000	200	<b>800</b>

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				1-Dec-15	30-Nov-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	30000	30000	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	30500	30500	Unch
J-34(202)	26mm	3.5 - 4.9	23	31400	31700	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31800	31800	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	32500	32500	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	32800	32800	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	33300	33300	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	44800	44800	Unch

**Cotton Seed Oil Prices**
**Refined Cotton Seed Oil at Key Centers:**

Centre	Unit	Price		Change
		2-Dec-15	1-Dec-15	
Rajkot	Rs. /10 Kg.	580	582	-2
New Delhi	Rs. /10 Kg.	575	575	Unch
Hyderabad	Rs. /10 Kg.	560	550	10
Mumbai	Rs. /10 Kg.	578	585	-7

**Cotton Seed Oil Seed Cake Prices**
**Cotton Seed Oil Cake Prices at Key Centers:**

Centre	Unit	Price		Change
		2-Dec-15	1-Dec-15	
Mahesana (Kadi)	Rs./Qtl	1724	1717	7
Akola	Rs./Qtl	1739	1728	11

**INTERNATIONAL PRICES AND INDICES**

China Cotton Index: As on 2/12/2015		
Index	RMB/Ton	Change
CCIndex(328)	12963	3
CCIndex(527)	11876	1
CCIndex(229)	13597	Unch

**China Foreign Cotton (FC) Index : As on 2/12/2015**

Index	Cents/lb	Change
FC Index (S)	74.81	0.75
FC Index (M)	71.04	0.76
FC Index (L)	69.39	0.85

**Cotlook Index: As on 1/12/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	69.50	-1.05

**USDA Cotton Spot Rates: As on 1/12/2015**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	64.79	68.04	279
North Delta	63.79	66.54	NIL
South Delta	63.79	66.54	NIL
East TX-OK	60.00	62.00	1923
West Texas	60.00	62.25	10212
Desert SW	60.29	66.54	550
SJ Valley	61.54	71.44	NIL

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

**ICE Cotton Futures (Prices in cents/lb.): As on 1/12/2015**

Contract	Open	High	Low	Close	Change
15-Dec	60.04	62.21	60.04	62.20	0.90
16-Mar	62.74	63.62	62.73	63.54	0.90
16-May	63.66	64.28	63.57	64.21	0.78
16-Jul	64.18	64.74	64.10	64.65	0.67
16-Oct	64.15	64.15	64.15	64.15	0.52
16-Dec	64.50	64.80	64.39	64.80	0.46

**Pakistan Cotton Spot rates: As on 1/12/2015 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5300	135	5435
Equivalent	40 Kgs	5680	145	5825

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