

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed mostly firm tone on Thursday.

In The News: India exported 4.00 lakh bales of cotton last week (23 Nov-29 Nov 2015), which was 2.691 lakh bales previous to last week (16 Nov-22 Nov 2015), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.084 lakh bales last week, which was 0.152 lakh bales previous to last week.

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.

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	-6	864	865	856	857.5	4358	538	14123	52
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 03 December 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-15	-30	15980	16060	15980	16010	551	-660	5675	5215
Jan-16	-30	16140	16220	16140	16170	464	-493	2962	-2827
Feb-16	-10	16370	16400	16330	16350	102	-666	1556	-1438
Mar-16	-30	16590	16620	16520	16520	36	-27	187	-1343
Spread	Dec-15	Jan-16	Feb-16	Mar-16	--	--			
Spot	--								
Dec-15		-160							
Jan-16			-180						
Feb-16				-170					
Mar-16									

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

* Updated at 5:00 pm on 03 December 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		3-Dec-15	2-Dec-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4100	4125	-25
Khandwa	Mech-1	4100	4100	Unch
Khargaon	Mech-1	4100	4100	Unch
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4550	4400	150
Rajkot	B.T. Cotton	4505	4500	5
Patan	B.T. Cotton	4370	4400	-30
Deesa	B.T. Cotton	4365	4355	10
Dhrol	B.T. Cotton	4465	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4510	4500	10
Adampur	B.T. Cotton	4400	4350	50
Fatehabad	B.T. Cotton	4380	4340	40
Dabwali	B.T. Cotton	4305	4300	5
Jind	B.T. Cotton	4325	4343	-18
Uchana (Jind)	B.T. Cotton	4435	4414	21
Rawatsar (Hanumangarh)	B.T. Cotton	4260	4200	60
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	4350	4400	-50
	Kapas			
Ahmedabad	Shankar-6	4450	4450	Unch
Gondal	Shankar-6	4455	4455	Unch
	Kapas			
Bhiwani	Desi	4600	4600	Unch
Jamner (Jalgaon)	Medium Staple	4250	4100	150
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4400	4375	25
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	4009	4017	-8
East Godavari	Un-Ginned	NA	4100	-
	Lint	Rs/Maund		
Abohar	J-34	3440	3440	Unch
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3445	3440	5
Sirsa	J-34	3400	3350	50
Mansa	J-34	3435	3435	Unch

Sri-Ganganagar	Kapas	4300	4300	Unch
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Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		3-Dec-15	2-Dec-15	
Amravati	Mech-1	20000	20500	-500
Khandwa	Mech-1	3000	3000	Unch
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	95000	90000	5000
Rajkot	B.T. Cotton	3600	3950	-350
Patan	B.T. Cotton	17243	19435	-2192
Deesa	B.T. Cotton	4025	2300	1725
Dhrol	B.T. Cotton	766	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	8000	10000	-2000
Adampur	B.T. Cotton	680	1020	-340
Fatehabad	B.T. Cotton	1400	1800	-400
Dabwali	B.T. Cotton	1350	1650	-300
Jind	B.T. Cotton	372.3	340	32
Uchana (Jind)	B.T. Cotton	2300	2000	300
Rawatsar (Hanumangarh)	B.T. Cotton	1500	1000	500
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	3000	3000	Unch
Ahmedabad	Shankar-6	68000	76500	-8500
Gondal	Shankar-6	3889	4321	-432
Bhiwani	Desi	600	500	100
Jamner (Jalgaon)	Medium Staple	1001	45	956
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	997	832	165
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	1020	1020	Unch
Bhatinda	J-34	5100	4250	850
Sirsa	J-34	1700	1700	Unch
Mansa	J-34	680	850	-170
Sri-Ganganagar	Kapas	1000	1000	Unch

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				2-Dec-15	1-Dec-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	29900	30000	-100
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	30400	30500	-100
J-34(202)	26mm	3.5 - 4.9	23	31500	31400	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31800	31800	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	32400	32500	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	32700	32800	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	33300	33300	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	45000	44800	200

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

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

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

Centre	Unit	Price		Change
		3-Dec-15	2-Dec-15	
Mahesana (Kadi)	Rs./Qtl	1726	1724	2
Akola	Rs./Qtl	1737	1739	-2

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 3/12/2015		
Index	RMB/Ton	Change
CCIndex(328)	12965	2
CCIndex(527)	11881	5
CCIndex(229)	13597	Unch

China Foreign Cotton (FC) Index : As on 03/12/2015

Index	Cents/lb	Change
FC Index (S)	74.81	Unch
FC Index (M)	71.07	0.03
FC Index (L)	69.39	Unch

Cotlook Index: As on 02/12/2015

Cotlook Indices	Cents/Pound	Change
A-Index	70.50	1.00

USDA Cotton Spot Rates: As on 02/12/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	64.50	67.75	644
North Delta	63.50	66.25	118
South Delta	63.50	66.25	169
East TX-OK	60.00	62.00	8166
West Texas	60.00	62.25	25222
Desert SW	60.25	66.50	847
SJ Valley	61.50	71.40	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 02/12/2015

Contract	Open	High	Low	Close	Change
15-Dec	62.21	62.21	62.01	62.11	-0.09
16-Mar	63.57	63.93	63.25	63.50	-0.04
16-May	64.27	64.52	63.89	64.24	0.03
16-Jul	64.51	64.86	64.36	64.78	0.13
16-Oct	64.08	64.08	64.08	64.08	-0.07
16-Dec	64.57	65.02	64.57	65.01	0.21

Pakistan Cotton Spot rates: As on 02/12/2015 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5250	135	5385
Equivalent	40 Kgs	5626	145	5771

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