

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed mixed tone on Friday.

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	-1.5	858	861.5	856.5	858.5	2348	-2010	14160	37
Spread	Feb-16		Apr-16						
Spot	--		47.5						
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 04 December 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-15	0	16070	16110	16030	16060	378	-173	5713	38
Jan-16	0	16210	16250	16180	16200	411	-53	3094	132
Feb-16	0	16420	16420	16350	16370	167	65	1577	21
Mar-16	20	16600	16600	16580	16590	48	12	232	45
Spread	Dec-15	Jan-16	Feb-16	Mar-16	--	--			
Spot	--								
Dec-15		-140							
Jan-16			-170						
Feb-16				-220					
Mar-16									

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

* Updated at 5:00 pm on 04 December 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		4-Dec-15	3-Dec-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4135	4100	35
Khandwa	Mech-1	4100	4100	Unch
Khargaon	Mech-1	4100	4100	Unch
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4575	4550	25
Rajkot	B.T. Cotton	4530	4505	25
Patan	B.T. Cotton	4405	4370	35
Deesa	B.T. Cotton	4345	4365	-20
Dhrol	B.T. Cotton	NA	4465	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4525	4510	15
Adampur	B.T. Cotton	4400	4400	Unch
Fatehabad	B.T. Cotton	4400	4380	20
Dabwali	B.T. Cotton	4260	4305	-45
Jind	B.T. Cotton	4385	4325	60
Uchana (Jind)	B.T. Cotton	4391	4435	-44
Rawatsar (Hanumangarh)	B.T. Cotton	4260	4260	Unch
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	4400	4350	50
	Kapas			
Ahmedabad	Shankar-6	4500	4450	50
Gondal	Shankar-6	4435	4455	-20
	Kapas			
Bhiwani	Desi	4600	4600	Unch
Jamner (Jalgaon)	Medium Staple	NA	4250	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	4400	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	4009	-
East Godavari	Un-Ginned	4100	NA	-
	Lint	Rs/Maund (of 37.32 Kg each)		
Abohar	J-34	3450	3440	10
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3455	3445	10
Sirsa	J-34	3405	3400	5
Mansa	J-34	3430	3435	-5

Sri-Ganganagar	Kapas	4325	4300	25
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Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		4-Dec-15	3-Dec-15	
Amravati	Mech-1	21000	20000	1000
Khandwa	Mech-1	4000	3000	1000
Khargaan	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	85000	95000	-10000
Rajkot	B.T. Cotton	4800	3600	1200
Patan	B.T. Cotton	21605	17243	4362
Deesa	B.T. Cotton	4200	4025	175
Dhrol	B.T. Cotton	NA	766	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	8000	8000	Unch
Adampur	B.T. Cotton	510	680	-170
Fatehabad	B.T. Cotton	1500	1400	100
Dabwali	B.T. Cotton	1415	1350	65
Jind	B.T. Cotton	170	372.3	-202
Uchana (Jind)	B.T. Cotton	2000	2300	-300
Rawatsar (Hanumangarh)	B.T. Cotton	1500	1500	Unch
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	3000	3000	Unch
Ahmedabad	Shankar-6	68000	68000	Unch
Gondal	Shankar-6	4467	3889	578
Bhiwani	Desi	700	600	100
Jamner (Jalgaon)	Medium Staple	NA	1001	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	997	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	1190	1020	170
Bhatinda	J-34	5100	5100	Unch
Sirsa	J-34	2550	1700	850
Mansa	J-34	850	680	170
Sri-Ganganagar	Kapas	1000	1000	Unch

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				3-Dec-15	2-Dec-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	29900	29900	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	30400	30400	Unch
J-34(202)	26mm	3.5 - 4.9	23	31500	31500	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31600	31800	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	32400	32400	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	32500	32700	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	33300	33300	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	45000	45000	Unch

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

Centre	Unit	Price		Change
		4-Dec-15	3-Dec-15	
Rajkot	Rs. /10 Kg.	585	582	3
New Delhi	Rs. /10 Kg.	575	575	Unch
Hyderabad	Rs. /10 Kg.	565	560	5
Mumbai	Rs. /10 Kg.	585	580	5

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

Centre	Unit	Price		Change
		4-Dec-15	3-Dec-15	
Mahesana (Kadi)	Rs./Qtl	1726	1726	Unch
Akola	Rs./Qtl	1733	1737	-4

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 04/12/2015		
Index	RMB/Ton	Change
CCIndex(328)	12950	-15
CCIndex(527)	11881	Unch
CCIndex(229)	13597	Unch

China Foreign Cotton (FC) Index : As on 04/12/2015

Index	Cents/lb	Change
FC Index (S)	75.20	0.39
FC Index (M)	71.43	0.36
FC Index (L)	69.84	0.45

Cotlook Index: As on 03/12/2015

Cotlook Indices	Cents/Pound	Change
A-Index	70.50	Unch

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	64.95	68.20	681.0
North Delta	63.95	66.70	NIL
South Delta	63.95	66.70	190.0
East TX-OK	60.00	62.00	8456.0
West Texas	60.00	62.25	21347.0
Desert SW	60.70	66.95	NIL
SJ Valley	61.95	71.85	925.0

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 03/12/2015

Contract	Open	High	Low	Close	Change
15-Dec	61.00	62.65	60.43	61.86	-0.25
16-Mar	63.40	64.30	63.15	63.95	0.45
16-May	64.08	64.91	63.85	64.62	0.38
16-Jul	64.65	65.25	64.59	65.04	0.26
16-Oct	64.32	64.32	64.32	64.32	0.24
16-Dec	65.01	65.24	65.01	65.20	0.19

Pakistan Cotton Spot rates: As on 03/12/2015 (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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