

Domestic Fundamentals:

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

In The News: Cotton consumption (total demand-exports) during the season 2015-16 would be around 325 lakh bales, around 3.17% higher as compared to the consumption during the previous season which was 315 lakh bales, according to Cotton Association of India (CAI).

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	-5	873	873	864	867	4323	1975	14901	741

Spread	Feb-16	Apr-16
Spot	--	33
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 07 December 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-15	-30	16170	16190	16110	16160	727	349	5521	-192
Jan-16	-20	16320	16350	16250	16300	678	267	3437	343
Feb-16	-30	16500	16520	16430	16470	131	-36	1627	50
Mar-16	-40	16750	16750	16640	16640	10	-38	242	10

Spread	Dec-15	Jan-16	Feb-16	Mar-16	--	--
Spot	--					
Dec-15		-140				
Jan-16			-170			
Feb-16				-170		
Mar-16						

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

* Updated at 5:00 pm on 07 December 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		7-Dec-15	5-Dec-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4125	4115	10
Khandwa	Mech-1	4200	Closed	-
Khargaon	Mech-1	4200	Closed	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4600	4575	25
Rajkot	B.T. Cotton	4550	4555	-5
Patan	B.T. Cotton	4480	4420	60
Deesa	B.T. Cotton	NA	4400	-
Dhrol	B.T. Cotton	4605	4570	35
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4500	4500	Unch
Adampur	B.T. Cotton	4375	4380	-5
Fatehabad	B.T. Cotton	NA	4410	-
Dabwali	B.T. Cotton	4290	4300	-10
Jind	B.T. Cotton	4280	4385	-105
Uchana (Jind)	B.T. Cotton	4430	4411	19
Rawatsar (Hanumangarh)	B.T. Cotton	4260	4265	-5
Hubli	B.T. Cotton	NA	4529	-
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	4350	4400	-50
	Kapas			
Ahmedabad	Shankar-6	4550	4500	50
Gondal	Shankar-6	4500	4510	-10
	Kapas			
Bhiwani	Desi	4600	4500	100
Jamner (Jalgaon)	Medium Staple	4100	4100	Unch
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	5590	-
Raichur	H-44 Cotton	NA	4420	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	4100	4100	Unch
East Godavari	Un-Ginned	4100	4100	Unch
	Lint	Rs/Maund (of 37.32 Kg each)		
Abohar	J-34	3460	3450	10
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3470	3460	10
Sirsa	J-34	3420	3415	5
Mansa	J-34	3465	3440	25

Sri-Ganganagar	Kapas	4325	4250	75
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Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		7-Dec-15	5-Dec-15	
Amravati	Mech-1	23000	20000	3000
Khandwa	Mech-1	5000	Closed	-
Khargaon	Mech-1	NA	Closed	-
Mahesana(Kadi)	B.T. Cotton	80000	85000	-5000
Rajkot	B.T. Cotton	6100	5400	700
Patan	B.T. Cotton	22127	21570	557
Deesa	B.T. Cotton	NA	4160	-
Dhrol	B.T. Cotton	842	907	-65
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	8000	6000	2000
Adampur	B.T. Cotton	850	1190	-340
Fatehabad	B.T. Cotton	NA	1500	-
Dabwali	B.T. Cotton	1900	1850	50
Jind	B.T. Cotton	255	204	51
Uchana (Jind)	B.T. Cotton	2200	2200	Unch
Rawatsar (Hanumangarh)	B.T. Cotton	1500	1500	Unch
Hubli	B.T. Cotton	NA	100	-
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	3000	3000	Unch
Ahmedabad	Shankar-6	59500	59500	Unch
Gondal	Shankar-6	4212	4267	-55
Bhiwani	Desi	500	500	Unch
Jamner (Jalgaon)	Medium Staple	23	45	-22
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	32	-
Raichur	H-44 Cotton	NA	1155	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	1360	1190	170
Bhatinda	J-34	8500	7650	850
Sirsa	J-34	2550	2550	Unch
Mansa	J-34	1020	510	510
Sri-Ganganagar	Kapas	1000	200	800

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				5-Dec-15	4-Dec-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	29600	29600	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	30100	30100	Unch
J-34(202)	26mm	3.5 - 4.9	23	31700	31600	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32000	31800	200
Shankar-6(105)	29mm	3.5 - 4.9	28	32800	32600	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	32800	32600	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	33600	33400	200
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
		7-Dec-15	5-Dec-15	
Rajkot	Rs. /10 Kg.	565	585	-20
New Delhi	Rs. /10 Kg.	575	575	Unch
Hyderabad	Rs. /10 Kg.	580	570	10
Mumbai	Rs. /10 Kg.	585	585	Unch

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

Centre	Unit	Price		Change
		7-Dec-15	5-Dec-15	
Mahesana (Kadi)	Rs./Qtl	1750	Closed	-
Akola	Rs./Qtl	1727	Closed	-

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 07/12/2015

Index	Cents/lb	Change
FC Index (S)	75.81	0.61
FC Index (M)	71.98	0.55
FC Index (L)	70.52	0.68

Cotlook Index: As on 04/12/2015

Cotlook Indices	Cents/Pound	Change
A-Index	71.00	0.50

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 04/12/2015

Contract	Open	High	Low	Close	Change
15-Dec	62.78	63.23	62.78	63.23	1.37
16-Mar	63.95	64.89	63.75	64.71	0.76
16-May	64.62	65.43	64.37	65.28	0.66
16-Jul	65.08	65.65	64.80	65.58	0.54
16-Oct	64.93	64.93	64.93	64.93	0.61
16-Dec	65.21	65.50	65.19	65.50	0.30

Pakistan Cotton Spot rates: As on 05/12/2015 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5200	135	5335
Equivalent	40 Kgs	5573	145	5718

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