

Domestic Fundamentals:

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

In The News: India is likely to export 1.15 million tons (around 67.6 lakh bales of 170 kg each) of cotton in season 2015-16, around 26.3% higher as compared to 0.91 million tons, the volume it exported in the previous season, according to USDA.

India exported 3.37 lakh bales of cotton last week (30 Nov-06 Dec 2015), which was 4.00 lakh bales previous to last week (23 Nov-29 Nov 2015), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.09 lakh bales last week, which was 0.084 lakh bales previous to last week.

Cotton exports from India noticed a remarkable rise in November as compared to the previous month. During November the country exported around 12.46 lakh bales of cotton as compared to 4.63 lakh bales during the previous month and 7.34 lakh bales during the same month previous season. However imports fell to almost half the quantity exported previous month. Cotton imports during November was 0.55 lakh bales, which was 0.92 a month earlier and 1.98 lakh bales during the same month a year earlier.

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).

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.

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.

International Fundamentals:

Cotton prices are expected to plunge up in international market as the USDA has revised the export figures for the season 2015-16 upwards. According to USDA, cotton exports in the current season would be around 7.69 million tons, around 3% higher when compared to the estimates of previous season. However the export would be on the lower side as compared to the previous season, when it was 7.70 million tons, said USDA.

Cotton ending stocks during the season 2015-16 are expected to be around 22.72 million tons, around 1.6% lower when compared to the estimates of previous month and around 7% lower as compared to the ending stocks of 24.38 million tons in the season 2014-15, according to USDA.

Pakistan is likely to import around 435 thousand tons of cotton in 2015-16, more than double the amount it imported in 2014-15, which was 182 thousand tons. Reason for the same is fall in the production to 1.7 million tons in current season from 2.3 million tons previous season.

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	-2.5	868	872	863.5	869.5	5444	13833	3278	14037
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 11 December 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-15	-60	16150	16190	16080	16140	662	90	4892	-231
Jan-16	-60	16280	16320	16200	16260	956	273	4700	364
Feb-16	-60	16430	16470	16370	16430	163	-45	1940	45
Mar-16	-100	16530	16650	16530	16610	43	11	274	25
Spread	Dec-15	Jan-16	Feb-16	Mar-16					
Spot	--								
Dec-15		-120							
Jan-16			-170						
Feb-16				-180					
Mar-16									

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

* Updated at 5:00 pm on 11 December 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		11-Dec-15	10-Dec-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4140	4150	-10
Khandwa	Mech-1	Closed	NA	-
Khargaon	Mech-1	Closed	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4600	4575	25
Rajkot	B.T. Cotton	4550	4565	-15
Patan	B.T. Cotton	4455	4505	-50
Deesa	B.T. Cotton	4410	4390	20
Dhrol	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4525	4525	Unch
Adampur	B.T. Cotton	4360	4385	-25
Fatehabad	B.T. Cotton	4375	4380	-5
Dabwali	B.T. Cotton	4280	NA	-
Jind	B.T. Cotton	4435	4414	21
Uchana (Jind)	B.T. Cotton	4420	4396	24
Rawatsar (Hanumangarh)	B.T. Cotton	Closed	4250	-
Hubli	B.T. Cotton	NA	4571	-
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	4375	4400	-25
	Kapas			
Ahmedabad	Shankar-6	4550	4550	Unch
Gondal	Shankar-6	4545	4515	30
	Kapas			
Bhiwani	Desi	4500	4450	50
Jamner (Jalgaon)	Medium Staple	NA	4152	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	5697	-
Raichur	H-44 Cotton	NA	4400	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	4100	NA	-
East Godavari	Un-Ginned	4100	NA	-
	Lint	Rs/Maund (of 37.32 Kg each)		
Abohar	J-34	3430	3450	-20
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3465	3465	Unch
Sirsa	J-34	3420	3425	-5
Mansa	J-34	3435	3435	Unch

Sri-Ganganagar	Kapas	4250	4270	-20
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Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		11-Dec-15	10-Dec-15	
Amravati	Mech-1	22000	25000	-3000
Khandwa	Mech-1	Closed	NA	-
Khargaon	Mech-1	Closed	NA	-
Mahesana(Kadi)	B.T. Cotton	100000	100000	Unch
Rajkot	B.T. Cotton	4800	5000	-200
Patan	B.T. Cotton	9735	13110	-3375
Deesa	B.T. Cotton	2750	990	1760
Dhrol	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4000	4000	Unch
Adampur	B.T. Cotton	850	1020	-170
Fatehabad	B.T. Cotton	1800	1500	300
Dabwali	B.T. Cotton	950	NA	-
Jind	B.T. Cotton	179	153	26
Uchana (Jind)	B.T. Cotton	1600	2000	-400
Rawatsar (Hanumangarh)	B.T. Cotton	Closed	2000	-
Hubli	B.T. Cotton	NA	76	-
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	1000	3000	-2000
Ahmedabad	Shankar-6	68000	59500	8500
Gondal	Shankar-6	3928	3600	328
Bhiwani	Desi	500	600	-100
Jamner (Jalgaon)	Medium Staple	NA	60	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	68	-
Raichur	H-44 Cotton	NA	1417	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	1530	1020	510
Bhatinda	J-34	9350	8500	850
Sirsa	J-34	2550	2040	510
Mansa	J-34	680	680	Unch
Sri-Ganganagar	Kapas	200	1500	-1300

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				10-Dec-15	9-Dec-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	29600	29500	100
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	30100	30000	100
J-34(202)	26mm	3.5 - 4.9	23	31700	31600	100
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	32100	32000	100
Shankar-6(105)	29mm	3.5 – 4.9	28	32900	32800	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	32900	32800	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	33800	33700	100
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
		11-Dec-15	10-Dec-15	
Rajkot	Rs. /10 Kg.	585	585	Unch
New Delhi	Rs. /10 Kg.	570	570	Unch
Hyderabad	Rs. /10 Kg.	565	570	-5
Mumbai	Rs. /10 Kg.	582	585	-3

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

Centre	Unit	Price		Change
		11-Dec-15	10-Dec-15	
Mahesana (Kadi)	Rs./Qtl	1773	1760	13
Akola	Rs./Qtl	1752	1748	4

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 11/12/2015		
Index	RMB/Ton	Change
CCIndex(328)	12939	-3
CCIndex(527)	11880	Unch
CCIndex(229)	13579	-2

China Foreign Cotton (FC) Index : As on 11/12/2015

Index	Cents/lb	Change
FC Index (S)	74.47	-1.18
FC Index (M)	71.06	-0.94
FC Index (L)	69.25	-1.24

Cotlook Index: As on 10/12/2015

Cotlook Indices	Cents/Pound	Change
A-Index	71.25	0.25

USDA Cotton Spot Rates: As on 10/12/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	64.77	68.02	224
North Delta	63.77	66.52	NIL
South Delta	63.77	66.52	1054
East TX-OK	61.00	63.00	4592
West Texas	61.00	63.25	13845
Desert SW	60.52	66.77	NIL
SJ Valley	61.77	71.67	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 10/12/2015

Contract	Open	High	Low	Close	Change
15-Dec	64.81	64.84	63.58	63.77	-1.04
16-Mar	65.52	65.52	64.33	64.55	-1.01
16-May	65.96	65.96	64.97	65.20	-0.94
16-Jul	64.64	64.64	64.64	64.64	-0.83
16-Oct	65.77	65.77	64.87	65.23	-0.67
16-Dec	65.64	65.64	65.37	65.37	-0.70

Pakistan Cotton Spot rates: As on 10/12/2015 (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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