

**Domestic Fundamentals:**

**Market Outlook:** Cotton spot prices noticed slightly firm tone on Saturday.

**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
		12-Dec-15	11-Dec-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4150	4140	10
Khandwa	Mech-1	Closed	Closed	-
Khargaon	Mech-1	Closed	Closed	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4600	4600	Unch
Rajkot	B.T. Cotton	4605	4550	55
Patan	B.T. Cotton	4495	4455	40
Deesa	B.T. Cotton	4445	4410	35
Dhrol	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4550	4525	25
Adampur	B.T. Cotton	4375	4360	15
Fatehabad	B.T. Cotton	4370	4375	-5
Dabwali	B.T. Cotton	4275	4280	-5
Jind	B.T. Cotton	4550	4435	115
Uchana (Jind)	B.T. Cotton	4433	4420	13
Rawatsar (Hanumangarh)	B.T. Cotton	4260	Closed	-
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	4400	4375	25
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4550	4550	Unch
Gondal	Shankar-6	4800	4545	255
	<b>Kapas</b>			
Bhiwani	Desi	4500	4500	Unch
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	NA	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	4100	4100	Unch
East Godavari	Un-Ginned	4100	4100	Unch
	<b>Lint</b>	<b>Rs./Maund</b>		
Abohar	J-34	3450	3430	20
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3455	3465	-10
Sirsa	J-34	3420	3420	Unch
Mansa	J-34	3435	3435	Unch

Sri-Ganganagar	J-34	4300	4250	<b>50</b>
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**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		12-Dec-15	11-Dec-15	
Amravati	Mech-1	23000	22000	<b>1000</b>
Khandwa	Mech-1	Closed	Closed	-
Khargaon	Mech-1	Closed	Closed	-
Mahesana(Kadi)	B.T. Cotton	70000	100000	<b>-30000</b>
Rajkot	B.T. Cotton	4400	4800	<b>-400</b>
Patan	B.T. Cotton	11740	9735	<b>2005</b>
Deesa	B.T. Cotton	750	2750	<b>-2000</b>
Dhrol	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	5000	4000	<b>1000</b>
Adampur	B.T. Cotton	850	850	<b>Unch</b>
Fatehabad	B.T. Cotton	1500	1800	<b>-300</b>
Dabwali	B.T. Cotton	900	950	<b>-50</b>
Jind	B.T. Cotton	153	179	<b>-26</b>
Uchana (Jind)	B.T. Cotton	1800	1600	<b>200</b>
Rawatsar (Hanumangarh)	B.T. Cotton	2500	Closed	-
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	1000	1000	<b>Unch</b>
Ahmedabad	Shankar-6	59500	68000	<b>-8500</b>
Gondal	Shankar-6	3829	3928	<b>-99</b>
Bhiwani	Desi	300	500	<b>-200</b>
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	NA	-
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	1530	<b>-510</b>
Bhatinda	J-34	8840	9350	<b>-510</b>
Sirsa	J-34	2550	2550	<b>Unch</b>
Mansa	J-34	680	680	<b>Unch</b>

Sri-Ganganagar	J-34	300	200	100
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**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				10-Dec-15	9-Dec-15	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	29600	29500	100
Bengal Deshi (SG)(201)	Below 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
		12-Dec-15	11-Dec-15	
Rajkot	Rs. /10 Kg.	585	585	Unch
New Delhi	Rs. /10 Kg.	575	575	Unch
Hyderabad	Rs. /10 Kg.	565	565	Unch
Mumbai	Rs. /10 Kg.	582	582	Unch

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

Centre	Unit	Price		Change
		12-Dec-15	11-Dec-15	
Mahesana (Kadi)	Rs./Qtl	Closed	1773	-
Akola	Rs./Qtl	Closed	1752	-

**INTERNATIONAL PRICES AND INDICES**

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

<b>China Foreign Cotton (FC) Index : As on 11/12/2015</b>		
<b>Index</b>	<b>Cents/lb</b>	<b>Change</b>
FC Index (S)	74.47	<b>-1.18</b>
FC Index (M)	71.06	<b>-0.94</b>
FC Index (L)	69.25	<b>-1.24</b>

<b>Cotlook Index: As on 11/12/2015</b>		
<b>Cotlook Indices</b>	<b>Cents/Pound</b>	<b>Change</b>
A-Index	70.25	<b>-1.00</b>

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

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 11/12/2015**

Contract	Open	High	Low	Close	Change
<b>15-Dec</b>	63.77	63.91	63.43	63.71	<b>-0.06</b>
<b>16-Mar</b>	64.62	64.65	64.22	64.49	<b>-0.06</b>
<b>16-May</b>	65.01	65.23	64.86	65.14	<b>-0.06</b>
<b>16-Jul</b>	64.83	64.83	64.83	64.83	<b>0.19</b>
<b>16-Oct</b>	65.00	65.24	64.87	65.16	<b>-0.07</b>
<b>16-Dec</b>	65.45	65.53	65.45	65.53	<b>0.16</b>

**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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