

Domestic Fundamentals:

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

In The News: Cotton ending stocks in India is likely to go down by around 8% this year as compared to the previous year. According to USDA, cotton stocks would stand around 2.69 million tons by the end of season 2015-16 as compared to 2.93 million tons previous season.

Cotton consumption in India is likely to be around 5.50 million tons in season 2015-16, which was estimated to be around 5.55 million tons a month earlier. Although the consumption figures has been revised downward this month by USDA, the same would be standing around 3% higher as compared to the previous year's consumption of 5.33 million tons.

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 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	16.5	875	893	875	889	10149	4705	14558	725
Spread	Feb-16			Apr-16					
Spot	--			38					
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 14 December 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-15	140	16240	16390	16220	16320	885	313	4657	-466
Jan-16	160	16400	16530	16400	16460	1567	884	4932	596
Feb-16	160	16600	16670	16560	16600	422	214	2099	204
Mar-16	180	16810	16840	16790	16800	107	75	345	96
Spread	Dec-15	Jan-16	Feb-16	Mar-16	--		--		
Spot	--								
Dec-15		-140							
Jan-16			-140						
Feb-16				-200					
Mar-16									

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

* Updated at 5:00 pm on 14 December 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		14-Dec-15	12-Dec-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4161	4150	11
Khandwa	Mech-1	NA	Closed	-
Khargaon	Mech-1	NA	Closed	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4650	4600	50
Rajkot	B.T. Cotton	4635	4605	30
Patan	B.T. Cotton	4615	4495	120
Deesa	B.T. Cotton	4415	4445	-30
Dhrol	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4625	4550	75
Adampur	B.T. Cotton	4450	4375	75
Fatehabad	B.T. Cotton	4475	4370	105
Dabwali	B.T. Cotton	4375	4275	100
Jind	B.T. Cotton	4595	4550	45
Uchana (Jind)	B.T. Cotton	4595	4433	162
Rawatsar	B.T. Cotton	4300	4260	40
Hubli	B.T. Cotton	NA	4647	-
Hathras	B.T. Cotton(US)	4150	NA	-
Hanumangarh	B.T. Cotton	4480	4400	80
	Kapas			
Ahmedabad	Shankar-6	4600	4550	50
Gondal	Shankar-6	4600	4800	-200
	Kapas			
Bhiwani	Desi	4530	4500	30
Jamner (Jalgaon)	Medium Staple	4185	NA	-
Hathras	Desi	3300	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	5747	-
Raichur	H-44 Cotton	NA	2000	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	4100	-
East Godavari	Un-Ginned	4100	4100	Unch
	Lint	Rs./Maund (of 37.32 Kg each)		
Abohar	J-34	3430	3430	Unch
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3455	3465	-10
Sirsa	J-34	3440	3420	20
Mansa	J-34	3425	3435	-10

Sri-Ganganagar	J-34	4400	4250	150
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Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		14-Dec-15	12-Dec-15	
Amravati	Mech-1	22000	23000	-1000
Khandwa	Mech-1	NA	Closed	-
Khargaon	Mech-1	NA	Closed	-
Mahesana(Kadi)	B.T. Cotton	70000	70000	Unch
Rajkot	B.T. Cotton	4500	4400	100
Patan	B.T. Cotton	9410	11740	-2330
Deesa	B.T. Cotton	3025	750	2275
Dhrol	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	5000	5000	Unch
Adampur	B.T. Cotton	1020	850	170
Fatehabad	B.T. Cotton	1200	1500	-300
Dabwali	B.T. Cotton	1650	900	750
Jind	B.T. Cotton	221	153	68
Uchana (Jind)	B.T. Cotton	1800	1800	Unch
Rawatsar	B.T. Cotton	1000	2500	-1500
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	3000	1000	2000
Ahmedabad	Shankar-6	57800	59500	-1700
Gondal	Shankar-6	3782	3829	-47
Bhiwani	Desi	500	300	200
Jamner (Jalgaon)	Medium Staple	47	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	30	-
Raichur	H-44 Cotton	NA	888	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	1700	1020	680
Bhatinda	J-34	9350	8840	510
Sirsa	J-34	1700	2550	-850
Mansa	J-34	595	680	-85
Sri-Ganganagar	J-34	300	300	Unch

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				11-Dec-15	10-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	31600	31700	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32100	32100	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	32900	32900	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	32900	32900	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	33800	33800	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
		14-Dec-15	12-Dec-15	
Rajkot	Rs. /10 Kg.	585	585	Unch
New Delhi	Rs. /10 Kg.	575	575	Unch
Hyderabad	Rs. /10 Kg.	575	565	10
Mumbai	Rs. /10 Kg.	585	582	3

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

Centre	Unit	Price		Change
		14-Dec-15	12-Dec-15	
Mahesana (Kadi)	Rs./Qtl	1905	Closed	-
Akola	Rs./Qtl	1840	Closed	-

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 14/12/2015		
Index	RMB/Ton	Change
CCIndex(328)	12933	-6
CCIndex(527)	11880	Unch
CCIndex(229)	13576	-3

China Foreign Cotton (FC) Index : As on 14/12/2015

Index	Cents/lb	Change
FC Index (S)	74.47	Unch
FC Index (M)	71.06	Unch
FC Index (L)	69.25	Unch

Cotlook Index: As on 11/12/2015

Cotlook Indices	Cents/Pound	Change
A-Index	70.25	-1.00

USDA Cotton Spot Rates: As on 11/12/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	64.71	67.96	Unch
North Delta	63.71	66.46	Unch
South Delta	63.71	66.46	Unch
East TX-OK	60.75	62.75	1552
West Texas	61.00	63.25	10170
Desert SW	60.46	66.71	Unch
SJ Valley	61.71	71.61	Unch

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
15-Dec	63.77	63.91	63.43	63.71	-0.06
16-Mar	64.62	64.65	64.22	64.49	-0.06
16-May	65.01	65.23	64.86	65.14	-0.06
16-Jul	64.83	64.83	64.83	64.83	0.19
16-Oct	65.00	65.24	64.87	65.16	-0.07
16-Dec	65.45	65.53	65.45	65.53	0.16

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