

## Domestic Fundamentals:

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

**In The News:** Cotton farmers in Gujarat may get bonus on the sale of cotton crop, besides the MSP of Rs 810 per 20 kg as government is planning to support farmers by providing the monetary benefits and eliminating despair among the cotton farmers occurs often due to risk associated with the crop.

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.

### International Fundamentals:

Cotton farmers in Gujarat may get bonus on the sale of cotton crop, besides the MSP of Rs 810 per 20 kg as government is planning to support farmers by providing the monetary benefits and eliminating despair among the cotton farmers occurs often due to high risk associated with the crop.

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.

### Outlook

We expect domestic prices to remain range bound to firm in the near -term.

#### NCDEX Kapas Futures\*: (Prices in Rs/20kg)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-16	--	--	--	--	--	--	--	--	--
Apr-16	-5.5	888.5	890	878.5	883	7111	-3038	14426	-132
Spread	Feb-16			Apr-16					
Spot	--			48					
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 15 December 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-15	0	16310	16320	16250	16310	832	-53	4286	-371
Jan-16	0	16410	16460	16380	16460	1418	-149	5221	289
Feb-16	-10	16570	16610	16530	16600	437	15	2286	187
Mar-16	-10	16740	16780	16720	16780	53	-54	383	38
Spread	Dec-15	Jan-16	Feb-16	Mar-16	--		--		
Spot	--								
Dec-15		-150							
Jan-16			-140						
Feb-16				-180					
Mar-16									

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

\* Updated at 5:00 pm on 15 December 2015

**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Markets:**

Centre	Variety	Prices		Change
		15-Dec-15	14-Dec-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4200	4161	39
Khandwa	Mech-1	3600	NA	-
Khargaon	Mech-1	NA	NA	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4600	4650	-50
Rajkot	B.T. Cotton	4655	4635	20
Patan	B.T. Cotton	4600	4615	-15
Deesa	B.T. Cotton	4455	4415	40
Dhrol	B.T. Cotton	NA	4600	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4650	4625	25
Adampur	B.T. Cotton	4545	4450	95
Fatehabad	B.T. Cotton	4580	4475	105
Dabwali	B.T. Cotton	4415	4375	40
Jind	B.T. Cotton	4638	4595	43
Uchana (Jind)	B.T. Cotton	4580	4595	-15
Rawatsar (Hanumangarh)	B.T. Cotton	4220	4300	-80
Hubli	B.T. Cotton	4611	4630	-19
Hathras	B.T. Cotton	4150	4150	Unch
Hanumangarh	B.T. Cotton	4525	4480	45
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4600	4600	Unch
Gondal	Shankar-6	4650	4600	-50
	<b>Kapas</b>			
Bhiwani	Desi	4550	4530	20
Jamner (Jalgaon)	Medium Staple	4200	4185	15
Hathras	Desi	3300	3300	Unch
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	5760	5690	70
Raichur	H-44 Cotton	4455	4400	55
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	4100	4100	Unch
	<b>Lint</b>	<b>Rs./Maund (Of 37.32 Kg each)</b>		
Abohar	J-34	3460	3430	30
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3465	3455	10
Sirsa	J-34	3465	3440	25
Mansa	J-34	3450	3425	25

Sri-Ganganagar	J-34	4400	4400	Unch
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**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		15-Dec-15	14-Dec-15	
Amravati	Mech-1	25000	22000	3000
Khandwa	Mech-1	2000	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	65000	70000	-5000
Rajkot	B.T. Cotton	4000	4500	-500
Patan	B.T. Cotton	9940	9410	530
Deesa	B.T. Cotton	3250	3025	225
Dhrol	B.T. Cotton	NA	855	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4000	5000	-1000
Adampur	B.T. Cotton	1020	1020	Unch
Fatehabad	B.T. Cotton	1200	1200	Unch
Dabwali	B.T. Cotton	550	1650	-1100
Jind	B.T. Cotton	225	221	4
Uchana (Jind)	B.T. Cotton	1800	1800	Unch
Rawatsar (Hanumangarh)	B.T. Cotton	1500	1000	500
Hubli	B.T. Cotton	84	4	80
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	3000	3000	Unch
Ahmedabad	Shankar-6	57800	57800	Unch
Gondal	Shankar-6	3246	3782	-536
Bhiwani	Desi	500	500	Unch
Jamner (Jalgaon)	Medium Staple	102	47	55
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	60	74	-14
Raichur	H-44 Cotton	1477	1530	-53
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	1700	-170
Bhatinda	J-34	8500	9350	-850
Sirsa	J-34	2720	1700	1020
Mansa	J-34	595	595	Unch
Sri-Ganganagar	J-34	300	300	Unch

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				14-Dec-15	12-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	32000	31600	400
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32400	32100	300
Shankar-6(105)	29mm	3.5 - 4.9	28	33200	32900	300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33200	32900	300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34100	33800	300
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
		15-Dec-15	14-Dec-15	
Rajkot	Rs. /10 Kg.	585	585	Unch
New Delhi	Rs. /10 Kg.	575	575	Unch
Hyderabad	Rs. /10 Kg.	570	575	10
Mumbai	Rs. /10 Kg.	587	585	3

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

Centre	Unit	Price		Change
		15-Dec-15	14-Dec-15	
Mahesana (Kadi)	Rs./Qtl	1894	1905	-11
Akola	Rs./Qtl	1860	1840	20

**INTERNATIONAL PRICES AND INDICES**

China Cotton Index: As on 15/12/2015		
Index	RMB/Ton	Change
CCIndex(328)	12928	-5
CCIndex(527)	11880	Unch
CCIndex(229)	13573	-3

**China Foreign Cotton (FC) Index : As on 15/12/2015**

Index	Cents/lb	Change
FC Index (S)	74.19	-0.28
FC Index (M)	70.93	-0.13
FC Index (L)	69.00	-0.25

**Cotlook Index: As on 14/12/2015**

Cotlook Indices	Cents/Pound	Change
A-Index	70.15	-0.10

**USDA Cotton Spot Rates: As on 14/12/2015**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	64.38	67.63	941
North Delta	63.38	66.13	NIL
South Delta	63.38	66.13	NIL
East TX-OK	60.75	62.75	968
West Texas	60.75	63.00	2036
Desert SW	60.13	66.38	NIL
SJ Valley	61.38	71.28	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 14/12/2015**

Contract	Open	High	Low	Close	Change
15-Dec	63.81	63.91	62.98	63.38	-0.33
16-Mar	64.41	64.70	63.80	64.15	-0.34
16-May	65.25	65.32	64.45	64.77	-0.37
16-Jul	64.42	64.42	64.42	64.42	-0.41
16-Oct	65.02	65.07	64.50	64.69	-0.47
16-Dec	65.40	65.40	65.11	65.11	-0.42

**Pakistan Cotton Spot rates: As on 14/12/2015 (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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