

Domestic Fundamentals:

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

In The News: Government of Gujarat has announced a bonus of Rs 110 per 20 Kg of cotton, besides the MSP of 810 per 20 Kg if the farmers sell the crop to Cotton Corporation of India (CCI). So cotton farmers now will be getting Rs 920 on every 20 kg of the crop, compared to Rs 810, the MSP announced for the Kharif season 2015-16.

India exported 4.24 lakh bales of cotton last week (07 Dec-13 Dec 2015), which was 3.37 lakh bales previous to last week (30 Nov-06 Dec 2015), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.1 lakh bales last week, which was 0.09 lakh bales previous to last week.

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.

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	2	893	897	888.5	892.5	9251	3009	15846	840
Spread	Feb-16			Apr-16					
Spot	--			48.5					
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 17 December 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-15	0	16350	16400	16270	16340	930	-153	3789	-168
Jan-16	30	16500	16570	16440	16520	2173	75	6260	604
Feb-16	30	16660	16730	16600	16690	596	-12	2801	276
Mar-16	20	16870	16920	16800	16880	63	-56	612	92
Spread	Dec-15	Jan-16	Feb-16	Mar-16	--		--		
Spot	--								
Dec-15		-180							
Jan-16			-170						
Feb-16				-190					
Mar-16									

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

* Updated at 5:00 pm on 17 December 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		16-Dec-15	15-Dec-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4200	4175	25
Khandwa	Mech-1	4300	4300	Unch
Khargaon	Mech-1	4300	4300	Unch
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4700	4700	Unch
Rajkot	B.T. Cotton	4705	4650	55
Patan	B.T. Cotton	NR	4550	-
Deesa	B.T. Cotton	4630	4500	130
Dhrol	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4650	4625	25
Adampur	B.T. Cotton	4530	4475	55
Fatehabad	B.T. Cotton	4600	4535	65
Dabwali	B.T. Cotton	4400	4365	35
Jind	B.T. Cotton	4549	4600	-51
Uchana (Jind)	B.T. Cotton	4590	4520	70
Rawatsar (Hanumangarh)	B.T. Cotton	4350	4350	Unch
Hubli	B.T. Cotton	NA	4611	-
Hathras	B.T. Cotton(US)	NA	4150	-
Hanumangarh	B.T. Cotton	4600	4480	120
	Kapas			
Ahmedabad	Shankar-6	4625	4600	25
Gondal	Shankar-6	4665	4600	65
	Kapas			
Bhiwani	Desi	4550	4525	25
Jamner (Jalgaon)	Medium Staple	4300	4210	90
Hathras	Desi	NA	3300	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	5585	-
Raichur	H-44 Cotton	NA	4450	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
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	3485	3490	-5
Sirsa	J-34	3440	3450	-10
Mansa	J-34	NR	3450	-

Sri-Ganganagar	J-34	4500	4425	75
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Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		16-Dec-15	15-Dec-15	
Amravati	Mech-1	29000	28000	1000
Khandwa	Mech-1	4000	1500	2500
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	65000	70000	-5000
Rajkot	B.T. Cotton	3800	4450	-650
Patan	B.T. Cotton	NR	7850	-
Deesa	B.T. Cotton	1450	3000	-1550
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	1020	1020	Unch
Fatehabad	B.T. Cotton	1000	1000	Unch
Dabwali	B.T. Cotton	950	715	235
Jind	B.T. Cotton	179	298	-119
Uchana (Jind)	B.T. Cotton	1700	1800	-100
Rawatsar (Hanumangarh)	B.T. Cotton	200	1500	-1300
Hubli	B.T. Cotton	NA	22	-
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	1000	3000	-2000
Ahmedabad	Shankar-6	51000	51000	Unch
Gondal	Shankar-6	2892	3558	-666
Bhiwani	Desi	500	500	Unch
Jamner (Jalgaon)	Medium Staple	71	90	-19
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	24	-
Raichur	H-44 Cotton	NA	1365	-
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	1190	510
Bhatinda	J-34	9350	9350	Unch
Sirsa	J-34	1700	1700	Unch
Mansa	J-34	NR	595	-
Sri-Ganganagar	J-34	500	1000	-500

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				16-Dec-15	15-Dec-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	29800	29600	200
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	30300	30100	200
J-34(202)	26mm	3.5 - 4.9	23	32100	32000	100
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	32400	32400	Unch
Shankar-6(105)	29mm	3.5 – 4.9	28	33200	33200	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33200	33200	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34100	34100	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
		17-Dec-15	16-Dec-15	
Rajkot	Rs. /10 Kg.	582	585	-3
New Delhi	Rs. /10 Kg.	575	575	Unch
Hyderabad	Rs. /10 Kg.	565	570	-5
Mumbai	Rs. /10 Kg.	585	587	-2

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

Centre	Unit	Price		Change
		17-Dec-15	16-Dec-15	
Mahesana (Kadi)	Rs./Qtl	1894	1873	21
Akola	Rs./Qtl	1852	1842	10

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 17/12/2015

Index	RMB/Ton	Change
CCIndex(328)	12922	-3
CCIndex(527)	11870	-9
CCIndex(229)	13567	-2

China Foreign Cotton (FC) Index : As on 17/12/2015

Index	Cents/lb	Change
FC Index (S)	74.19	-0.00
FC Index (M)	70.93	-0.00
FC Index (L)	69.00	-0.00

Cotlook Index: As on 16/12/2015

Cotlook Indices	Cents/Pound	Change
A-Index	69.90	Unch

USDA Cotton Spot Rates: As on 16/12/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	64.50	67.75	5578.00
North Delta	63.25	66.00	NIL
South Delta	63.25	66.00	NIL
East TX-OK	60.75	62.75	3143.00
West Texas	60.75	63.00	10678.00
Desert SW	60.00	66.25	NIL
SJ Valley	61.25	71.15	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 16/12/2015

Contract	Open	High	Low	Close	Change
16-Mar	63.28	63.62	63.06	63.25	-0.06
16-May	64.02	64.40	63.83	64.05	-0.03
16-Jul	64.58	65.00	64.45	64.68	-0.03
16-Oct	64.39	64.39	64.39	64.39	0.01
16-Dec	64.50	64.92	64.50	64.79	0.07
17-Mar	65.09	65.09	65.09	65.09	-0.02

Pakistan Cotton Spot rates: As on 16/12/2015 (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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