

Domestic Fundamentals:

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

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:

According to USDA, Bangladesh is likely to surpass China as world largest cotton importer by the end of season 2015-16. Bangladesh is likely to import 5.75 million bales (one 480 pound each) of cotton during the current season, whereas China will import around 5.5 million bales of cotton, lowest since 2003, said USDA.

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	1	886	892	884.5	886.5	5592	-3659	15706	-140
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 18 December 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-15	-30	16320	16340	16240	16260	1229	299	3027	-762
Jan-16	10	16480	16530	16410	16460	2081	-92	6969	709
Feb-16	40	16670	16710	16600	16670	556	-40	3176	375
Mar-16	100	16840	16900	16820	16900	140	77	693	81
Spread	Dec-15	Jan-16	Feb-16	Mar-16	--		--		
Spot	--								
Dec-15		-200							
Jan-16			-210						
Feb-16				-230					
Mar-16									

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

* Updated at 5:00 pm on 18 December 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		18-Dec-15	17-Dec-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4235	4200	35
Khandwa	Mech-1	4300	4300	Unch
Khargaon	Mech-1	4300	4300	Unch
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4750	4700	50
Rajkot	B.T. Cotton	4740	4705	35
Patan	B.T. Cotton	4615	NR	-
Deesa	B.T. Cotton	4530	4630	-100
Dhrol	B.T. Cotton	4655	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4700	4650	50
Adampur	B.T. Cotton	NR	4530	-
Fatehabad	B.T. Cotton	4600	4600	Unch
Dabwali	B.T. Cotton	4495	4400	95
Jind	B.T. Cotton	4545	4549	-4
Uchana (Jind)	B.T. Cotton	4599	4590	9
Rawatsar (Hanumangarh)	B.T. Cotton	4360	4350	10
Hubli	B.T. Cotton	4792	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	4600	4600	Unch
	Kapas			
Ahmedabad	Shankar-6	4600	4625	-25
Gondal	Shankar-6	4600	4665	-65
	Kapas			
Bhiwani	Desi	4550	4550	Unch
Jamner (Jalgaon)	Medium Staple	NA	4300	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	4792	4759	33
Raichur	H-44 Cotton	4475	NA	-
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	3470	3460	10
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3495	3485	10
Sirsa	J-34	3465	3440	25
Mansa	J-34	NR	NR	-

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

Centre	Variety	Arrivals (Qtl)		Change
		18-Dec-15	17-Dec-15	
Amravati	Mech-1	29000	29000	Unch
Khandwa	Mech-1	3500	4000	-500
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	60000	65000	-5000
Rajkot	B.T. Cotton	3700	3800	-100
Patan	B.T. Cotton	5240	NR	-
Deesa	B.T. Cotton	700	1450	-750
Dhrol	B.T. Cotton	808	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	3000	4000	-1000
Adampur	B.T. Cotton	NR	1020	-
Fatehabad	B.T. Cotton	1000	1000	Unch
Dabwali	B.T. Cotton	750	950	-200
Jind	B.T. Cotton	204	179	25
Uchana (Jind)	B.T. Cotton	1800	1700	100
Rawatsar (Hanumangarh)	B.T. Cotton	1000	200	800
Hubli	B.T. Cotton	22	NA	-
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	1000	1000	Unch
Ahmedabad	Shankar-6	51000	51000	Unch
Gondal	Shankar-6	3003	2892	111
Bhiwani	Desi	200	500	-300
Jamner (Jalgaon)	Medium Staple	NA	71	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	5639	-
Raichur	H-44 Cotton	4475	NA	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	3993	4025	-32
Abohar	J-34	1360	1700	-340
Bhatinda	J-34	8500	9350	-850
Sirsa	J-34	2686	1700	986
Mansa	J-34	NR	NR	-
Sri-Ganganagar	J-34	300	500	-200

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				18-Dec-15	17-Dec-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	30000	29800	200
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	30500	30300	200
J-34(202)	26mm	3.5 - 4.9	23	32300	32100	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32500	32400	100
Shankar-6(105)	29mm	3.5 - 4.9	28	33400	33200	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33300	33200	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34200	34100	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
		18-Dec-15	17-Dec-15	
Rajkot	Rs. /10 Kg.	582	582	Unch
New Delhi	Rs. /10 Kg.	575	575	Unch
Hyderabad	Rs. /10 Kg.	575	565	10
Mumbai	Rs. /10 Kg.	573	585	-12

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

Centre	Unit	Price		Change
		18-Dec-15	17-Dec-15	
Mahesana (Kadi)	Rs./Qtl	1955	1894	61
Akola	Rs./Qtl	1882	1852	30

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 18/12/2015		
Index	RMB/Ton	Change
CCIndex(328)	12916	-6
CCIndex(527)	11863	-7
CCIndex(229)	13566	-1

China Foreign Cotton (FC) Index : As on 17/12/2015		
Index	Cents/lb	Change
FC Index (S)	73.84	-0.35
FC Index (M)	70.58	-0.35
FC Index (L)	68.57	-0.43

Cotlook Index: As on 17/12/2015		
Cotlook Indices	Cents/Pound	Change
A-Index	69.90	Unch

USDA Cotton Spot Rates: As on 17/12/2015			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	64.49	67.74	2154
North Delta	62.99	65.74	NIL
South Delta	62.99	65.74	NIL
East TX-OK	60.75	62.75	1178
West Texas	60.5	62.75	6446
Desert SW	59.74	65.99	250
SJ Valley	60.99	70.89	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 17/12/2015					
Contract	Open	High	Low	Close	Change
16-Mar	63.25	63.45	62.87	62.99	-0.26
16-May	64.00	64.22	63.68	63.79	-0.26
16-Jul	64.67	64.67	64.33	64.44	-0.24
16-Oct	64.15	64.15	64.15	64.15	-0.24
16-Dec	64.75	64.75	64.48	64.59	-0.20
17-Mar	64.89	64.89	64.89	64.89	-0.20

Pakistan Cotton Spot rates: As on 17/12/2015 (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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