

Domestic Fundamentals:

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

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:

China is likely to import more cotton yarn this year instead of raw cotton, according to International Cotton Advisory Board (ICAC). As labor cost is rising in country, China is willing to cut the cost of cotton processing; meanwhile South East Asian countries are processing cotton at much cheaper rates.

Cotton supply situation in Pakistan is in trouble this season. According to the latest arrival data, so far 9.034 lakh bales of cotton has been arrived in Pakistan as on 15 Dec 2015, which is around 32 per lower when compared to the arrival of same period during last year, and hence denoting a severe deficit in production.

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.

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
		19-Dec-15	18-Dec-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4300	4235	65
Khandwa	Mech-1	NA	4300	-
Khargaon	Mech-1	NA	4300	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4750	4750	Unch
Rajkot	B.T. Cotton	4720	4740	-20
Patan	B.T. Cotton	4630	4615	15
Deesa	B.T. Cotton	4515	4530	-15
Dhrol	B.T. Cotton	4710	4655	55
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4700	4700	Unch
Adampur	B.T. Cotton	4560	NR	-
Fatehabad	B.T. Cotton	4600	4600	Unch
Dabwali	B.T. Cotton	4480	4495	-15
Jind	B.T. Cotton	4550	4545	5
Uchana (Jind)	B.T. Cotton	4604	4599	5
Rawatsar	B.T. Cotton	4405	4360	45
Hubli	B.T. Cotton	NA	4792	-
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	4600	4600	Unch
	Kapas			
Ahmedabad	Shankar-6	4750	4600	150
Gondal	Shankar-6	4695	4600	95
	Kapas			
Bhiwani	Desi	4550	4550	Unch
Jamner (Jalgaon)	Medium Staple	4390	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	4792	-
Raichur	H-44 Cotton	4480	4475	5
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	4100	-
	Lint	Rs./Mauud (of 37.32 Kg each)		
Abohar	J-34	3475	3470	5
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3465	3495	-30
Sirsa	J-34	3470	3465	5
Mansa	J-34		NR	-

Sri-Ganganagar	J-34	4550	4550	Unch
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Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		19-Dec-15	18-Dec-15	
Amravati	Mech-1	23000	29000	-6000
Khandwa	Mech-1	NA	3500	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	40000	60000	-20000
Rajkot	B.T. Cotton	3900	3700	200
Patan	B.T. Cotton	8610	5240	3370
Deesa	B.T. Cotton	2300	700	1600
Dhrol	B.T. Cotton	789	808	-19
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	3500	3000	500
Adampur	B.T. Cotton	680	NR	-
Fatehabad	B.T. Cotton	1250	1000	250
Dabwali	B.T. Cotton	750	750	Unch
Jind	B.T. Cotton	425	204	221
Uchana (Jind)	B.T. Cotton	1600	1800	-200
Rawatsar	B.T. Cotton	600	1000	-400
Hubli	B.T. Cotton	NA	22	-
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	2000	1000	1000
Ahmedabad	Shankar-6	42000	51000	-9000
Gondal	Shankar-6	2268	3003	-735
Bhiwani	Desi	300	200	100
Jamner (Jalgaon)	Medium Staple	57	62	-5
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4480	4475	5
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	3993	-
Abohar	J-34	1700	1360	340
Bhatinda	J-34	8500	8500	Unch
Sirsa	J-34	1360	2686	-1326
Mansa	J-34	NR	NR	-
Sri-Ganganagar	J-34	250	300	-50

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	30000	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	30500	30500	Unch
J-34(202)	26mm	3.5 - 4.9	23	32300	32300	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32500	32500	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	33400	33400	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33300	33300	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34200	34200	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
		19-Dec-15	18-Dec-15	
Rajkot	Rs. /10 Kg.	585	582	3
New Delhi	Rs. /10 Kg.	575	575	Unch
Hyderabad	Rs. /10 Kg.	565	575	-10
Mumbai	Rs. /10 Kg.	575	573	2

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

Centre	Unit	Price		Change
		19-Dec-15	18-Dec-15	
Mahesana (Kadi)	Rs./Qtl	1953	1955	-2
Akola	Rs./Qtl	1883	1882	1

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 18/12/2015		
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 18/12/2015		
Cotlook Indices	Cents/Pound	Change
A-Index	69.65	-0.25

USDA Cotton Spot Rates: As on 18/12/2015			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	65.19	68.44	1410
North Delta	63.69	66.44	NIL
South Delta	63.69	66.44	NIL
East TX-OK	61.25	63.25	2534
West Texas	61.00	63.25	9821
Desert SW	60.44	66.69	61
SJ Valley	61.69	71.59	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 18/12/2015					
Contract	Open	High	Low	Close	Change
16-Mar	62.99	63.93	62.95	63.69	0.70
16-May	63.74	64.66	63.74	64.46	0.67
16-Jul	64.48	65.23	64.41	65.09	0.65
16-Oct	64.74	64.74	64.74	64.74	0.59
16-Dec	64.58	65.15	64.55	64.96	0.37
17-Mar	65.26	65.26	65.26	65.26	0.37

Pakistan Cotton Spot rates: As on 18/12/2015 (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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