

## Domestic Fundamentals:

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

**In The News:** Cotton exports from India during October-November noticed a rise of 80% as compared to the previous month. India exported around 18 lakh bales of cotton during the October and November, which were 10 lakh bales during the same period previous year. According to the cotton corporation of India (CCI), India is likely to export around 60-65 lakh bales of cotton, whereas Cotton Advisory Board estimates it to be around 68 lakh bales.

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.

### International Fundamentals:

According to the China Cotton Association, the country is likely to import around 1.65 million tons of cotton in 2015-16. China during the current season would be consuming around 7.2 million tons. The ending stocks by the end of season 2015-16 would be around 13.16 million tons as compared to 13.56 million tons in 2014-15.

China is likely to produce 5.15 million tons of cotton this season, around 70,000 tons or 20.76% lower when compared to the previous year, according to the latest estimates by China cotton association.

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.

### 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	24	893.5	914	893.5	910	11133	5541	16848	1142
Spread	Feb-16			Apr-16					
Spot	--			100					
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 21 December 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-15	190	16280	16510	16280	16420	1362	133	2459	-568
Jan-16	240	16590	16730	16570	16650	3525	1444	7464	495
Feb-16	270	16820	16980	16800	16890	2338	1782	4501	1325
Mar-16	270	17050	17190	17020	17110	334	194	897	204
Spread	Dec-15	Jan-16	Feb-16	Mar-16	--		--		
Spot	--								
Dec-15		-230							
Jan-16			-240						
Feb-16				-220					
Mar-16									

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

\* Updated at 5:00 pm on 21 December 2015

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

Centre	Variety	Prices		Change
		21-Dec-15	19-Dec-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4400	4300	100
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4800	4750	50
Rajkot	B.T. Cotton	5050	4720	330
Patan	B.T. Cotton	4800	4630	170
Deesa	B.T. Cotton	4650	4515	135
Dhrol	B.T. Cotton	5015	4710	305
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4850	4700	150
Adampur	B.T. Cotton	4700	4560	140
Fatehabad	B.T. Cotton	4725	4600	125
Dabwali	B.T. Cotton	4645	4480	165
Jind	B.T. Cotton	4800	4550	250
Uchana (Jind)	B.T. Cotton	4764	4604	160
Rawatsar (Hanumangarh)	B.T. Cotton	4450	4405	45
Hubli	B.T. Cotton	NA	4819	-
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	4750	4600	150
	<b>Kapas</b>			
Ahmedabad	Shankar-6	5000	4750	250
Gondal	Shankar-6	5055	4695	360
	<b>Kapas</b>			
Bhiwani	Desi	4550	4550	Unch
Jamner (Jalgaon)	Medium Staple	4510	4390	120
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	5641	-
Raichur	H-44 Cotton	4521	4480	41
Adilabad	Un-Ginned	4200	NA	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	4100	-
East Godavari	Un-Ginned	4100	NA	-
	<b>Lint</b>	<b>Rs./Maund (of 37.32 Kg each)</b>		
Abohar	J-34	3535	3475	60
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	4500	3465	1035
Sirsa	J-34	3510	3470	40

Mansa	J-34	3500	NR	-
Sri-Ganganagar	J-34	4500	4550	-50

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		21-Dec-15	19-Dec-15	
Amravati	Mech-1	25000	23000	2000
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	50000	40000	10000
Rajkot	B.T. Cotton	4150	3900	250
Patan	B.T. Cotton	9010	8610	400
Deesa	B.T. Cotton	3000	2300	700
Dhrol	B.T. Cotton	785	789	-4
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	3500	3500	Unch
Adampur	B.T. Cotton	1020	680	340
Fatehabad	B.T. Cotton	800	1250	-450
Dabwali	B.T. Cotton	550	750	-200
Jind	B.T. Cotton	425	425	Unch
Uchana (Jind)	B.T. Cotton	1500	1600	-100
Rawatsar (Hanumangarh)	B.T. Cotton	2000	600	1400
Hubli	B.T. Cotton	NA	98	-
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	2000	2000	Unch
Ahmedabad	Shankar-6	51000	42000	9000
Gondal	Shankar-6	4650	2268	2382
Bhiwani	Desi	300	300	Unch
Jamner (Jalgaon)	Medium Staple	46	57	-11
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	8	-
Raichur	H-44 Cotton	1402	1132	270
Adilabad	Un-Ginned	747	NA	-
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	1700	Unch
Bhatinda	J-34	7650	8500	-850
Sirsa	J-34	1700	1360	340
Mansa	J-34	595	NR	-

Sri-Ganganagar	J-34	300	250	<b>50</b>
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**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				19-Dec-15	18-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
		21-Dec-15	19-Dec-15	
Rajkot	Rs. /10 Kg.	590	585	<b>5</b>
New Delhi	Rs. /10 Kg.	575	575	Unch
Hyderabad	Rs. /10 Kg.	570	565	<b>5</b>
Mumbai	Rs. /10 Kg.	580	575	<b>5</b>

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

Centre	Unit	Price		Change
		21-Dec-15	19-Dec-15	
Mahesana (Kadi)	Rs./Qtl	2086	1953	<b>133</b>
Akola	Rs./Qtl	2000	1883	<b>117</b>

**INTERNATIONAL PRICES AND INDICES**

China Cotton Index: As on 21/12/2015		
Index	RMB/Ton	Change
CCIndex(328)	12916	Unch
CCIndex(527)	11862	<b>-1</b>
CCIndex(229)	13561	<b>-5</b>

**China Foreign Cotton (FC) Index : As on 18/12/2015**

Index	Cents/lb	Change
FC Index (S)	74.25	0.41
FC Index (M)	71.01	0.43
FC Index (L)	69.04	0.47

**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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