

## Domestic Fundamentals:

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

**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:

During a Ministerial meeting at World Trade Organization (WTO), held at Nairobi, a decision was made to give more importance to cotton from least developed countries by providing duty-free and quota-free access to the developed nations. The decision includes three elements that is market access, domestic support and export competition and the same will be effective from January 01, 2016.

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.

### 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	-8.5	906.5	906.5	896	896.5	7415	-3718	17620	772
Spread	Feb-16			Apr-16					
Spot	--			98.5					
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 22 December 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-15	-160	16320	16320	16210	16210	645	-717	1833	-626
Jan-16	-130	16520	16550	16450	16460	1845	-1680	7503	39
Feb-16	-150	16740	16760	16670	16670	869	-1469	4860	359
Mar-16	-140	16910	16950	16870	16880	164	-170	991	94
Spread	Dec-15	Jan-16	Feb-16	Mar-16	--		--		
Spot	--								
Dec-15		-250							
Jan-16			-210						
Feb-16				-210					
Mar-16									

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

\* Updated at 5:00 pm on 22 December 2015

### DOMESTIC PRICES AND ARRIVALS

#### Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		22-Dec-15	21-Dec-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4400	4400	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4800	4800	Unch
Rajkot	B.T. Cotton	4975	5050	-75
Patan	B.T. Cotton	4740	4800	-60
Deesa	B.T. Cotton	4600	4650	-50
Dhrol	B.T. Cotton	4855	5015	-160
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4825	4850	-25
Adampur	B.T. Cotton	4720	4700	20
Fatehabad	B.T. Cotton	4725	4725	Unch
Dabwali	B.T. Cotton	4625	4645	-20
Jind	B.T. Cotton	4765	4800	-35
Uchana (Jind)	B.T. Cotton	4760	4764	-4
Rawatsar	B.T. Cotton	4680	4450	230
Hubli	B.T. Cotton	NA	4897	-
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	4800	4750	50
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4950	5000	-50
Gondal	Shankar-6	5025	5055	-30
	<b>Kapas</b>			
Bhiwani	Desi	4550	4550	Unch
Jamner (Jalgaon)	Medium Staple	4525	4510	15
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	6095	-
Raichur	H-44 Cotton	4550	4521	29
Adilabad	Un-Ginned	4300	4200	100
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	4100	4100	Unch
East Godavari	Un-Ginned	4100	4100	Unch
	<b>Lint</b>	<b>Rs./Maund (of 37.32 Kg each)</b>		
Abohar	J-34	3540	3535	5
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3550	3520	30
Sirsa	J-34	3530	3510	20

Mansa	J-34	3515	3500	15
Sri-Ganganagar	J-34	4700	4500	200

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		22-Dec-15	21-Dec-15	
Amravati	Mech-1	27000	25000	2000
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	65000	50000	15000
Rajkot	B.T. Cotton	5600	4150	1450
Patan	B.T. Cotton	11171	9010	2161
Deesa	B.T. Cotton	2000	3000	-1000
Dhrol	B.T. Cotton	818	785	33
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	3000	3500	-500
Adampur	B.T. Cotton	1190	1020	170
Fatehabad	B.T. Cotton	800	800	Unch
Dabwali	B.T. Cotton	550	550	Unch
Jind	B.T. Cotton	238	425	-187
Uchana (Jind)	B.T. Cotton	1500	1500	Unch
Rawatsar	B.T. Cotton	1000	2000	-1000
Hubli	B.T. Cotton	NA	56	-
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	1500	2000	-500
Ahmedabad	Shankar-6	51000	51000	Unch
Gondal	Shankar-6	2869	4650	-1781
Bhiwani	Desi	600	300	300
Jamner (Jalgaon)	Medium Staple	201	46	155
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	30	-
Raichur	H-44 Cotton	1672	1402	270
Adilabad	Un-Ginned	9280	7470	1810
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	8330	7650	680
Sirsa	J-34	850	1700	-850
Mansa	J-34	1105	595	510

Sri-Ganganagar	J-34	300	300	Unch
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**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				19-Dec-15	19-Dec-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	30300	30000	300
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	30800	30500	300
J-34(202)	26mm	3.5 - 4.9	23	33100	32300	800
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32800	32500	300
Shankar-6(105)	29mm	3.5 - 4.9	28	33900	33400	500
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33600	33300	300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34500	34200	300
DCH-32(107)	34mm	3.0 - 3.8	33	45500	45000	500

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

Centre	Unit	Price		Change
		22-Dec-15	21-Dec-15	
Rajkot	Rs. /10 Kg.	585	590	-5
New Delhi	Rs. /10 Kg.	575	575	Unch
Hyderabad	Rs. /10 Kg.	570	570	Unch
Mumbai	Rs. /10 Kg.	585	580	5

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

Centre	Unit	Price		Change
		22-Dec-15	21-Dec-15	
Mahesana (Kadi)	Rs./Qtl	2089	2086	3
Akola	Rs./Qtl	2045	2000	45

**INTERNATIONAL PRICES AND INDICES**

China Cotton Index: As on 22/12/2015		
Index	RMB/Ton	Change
CCIndex(328)	12925	9
CCIndex(527)	11869	7
CCIndex(229)	13568	7

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	70.45	+0.80

USDA Cotton Spot Rates: As on 21/12/2015			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	64.82	68.07	100
North Delta	63.32	66.07	NIL
South Delta	63.32	66.07	NIL
East TX-OK	61.00	63.00	8632
West Texas	60.75	63.00	22803
Desert SW	60.07	66.32	NIL
SJ Valley	61.32	71.22	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 21/12/2015					
Contract	Open	High	Low	Close	Change
16-Mar	63.82	64.16	63.17	63.32	-0.37
16-May	64.45	64.87	63.94	64.11	-0.35
16-Jul	65.28	65.45	64.57	64.76	-0.33
16-Oct	64.41	64.41	64.41	64.41	-0.33
16-Dec	65.15	65.30	64.43	64.64	-0.32
17-Mar	64.94	64.94	64.94	64.94	-0.32

Pakistan Cotton Spot rates: As on 21/12/2015 (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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