

Domestic Fundamentals:

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

In The News: India exported 3.91 lakh bales of cotton last week (14 Dec-20 Dec 2015), which was 4.24 lakh bales previous to last week (07 Dec-13 Dec 2015), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.15 lakh bales last week, which was 0.1 lakh bales previous to last week.

Pakistan has surpassed Bangladesh and China being the largest cotton importer from India during the week. According to the data released by IBIS, Pakistan imported 1.82 lakh bales of cotton in the past week that is 14 Dec to 20 Dec 2015. Other major importers were Bangladesh, Vietnam, China and Indonesia and their imported volumes were 0.87 lakh bales, 0.54 lakh bales, 0.23 lakh bales and 0.20 lakh bales respectively.

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.

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.

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.

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	-1.5	894	900	891	893.5	5034	-2381	18187	567
Spread	Feb-16			Apr-16					
Spot	--			66.5					
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 23 December 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-15	-40	16130	16210	16080	16140	822	177	1508	-325
Jan-16	-50	16400	16450	16330	16370	1690	-155	7707	204
Feb-16	-40	16600	16670	16560	16610	650	-219	5119	259
Mar-16	-20	16800	16890	16790	16830	95	-69	1034	43
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 23 December 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		23-Dec-15	22-Dec-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4250	4400	-150
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4800	4800	Unch
Rajkot	B.T. Cotton	4800	4975	-175
Patan	B.T. Cotton	4690	4740	-50
Deesa	B.T. Cotton	4650	4600	50
Dhrol	B.T. Cotton	4820	4855	-35
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4800	4825	-25
Adampur	B.T. Cotton	4675	4720	-45
Fatehabad	B.T. Cotton	4700	4725	-25
Dabwali	B.T. Cotton	4625	4625	Unch
Jind	B.T. Cotton	4750	4765	-15
Uchana (Jind)	B.T. Cotton	4770	4760	10
Rawatsar (Hanumangarh)	B.T. Cotton	4624	4680	-56
Hubli	B.T. Cotton	4939	4939	Unch
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	4800	4800	Unch
	Kapas			
Ahmedabad	Shankar-6	4850	4950	-100
Gondal	Shankar-6	4935	5025	-90
	Kapas			
Bhiwani	Desi	4550	4550	Unch
Jamner (Jalgaon)	Medium Staple	4532	4525	7
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	5970	5509	461
Raichur	H-44 Cotton	4600	4550	50
Adilabad	Un-Ginned	4250	4300	-50
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	4100	-
East Godavari	Un-Ginned	NA	4100	-
	Lint	Rs./Maund (of 37.32 Kg each)		
Abohar	J-34	3520	3540	-20
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	4500	3550	950
Sirsa	J-34	3515	3530	-15

Mansa	J-34	3515	3515	Unch
Sri-Ganganagar	J-34	4700	4700	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		23-Dec-15	22-Dec-15	
Amravati	Mech-1	30000	27000	3000
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	50000	65000	-15000
Rajkot	B.T. Cotton	7500	5600	1900
Patan	B.T. Cotton	10820	11171	-351
Deesa	B.T. Cotton	875	2000	-1125
Dhrol	B.T. Cotton	825	818	7
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	3000	3000	Unch
Adampur	B.T. Cotton	1020	1190	-170
Fatehabad	B.T. Cotton	800	800	Unch
Dabwali	B.T. Cotton	450	550	-100
Jind	B.T. Cotton	595	238	357
Uchana (Jind)	B.T. Cotton	1500	1500	Unch
Rawatsar (Hanumangarh)	B.T. Cotton	500	1000	-500
Hubli	B.T. Cotton	36	62	-26
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	3000	1500	1500
Ahmedabad	Shankar-6	51000	51000	Unch
Gondal	Shankar-6	3546	2869	677
Bhiwani	Desi	200	600	-400
Jamner (Jalgaon)	Medium Staple	179	201	-22
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	2	20	-18
Raichur	H-44 Cotton	1530	1672	-142
Adilabad	Un-Ginned	6150	9280	-3130
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	8330	-680
Sirsa	J-34	850	850	Unch
Mansa	J-34	425	1105	-680

Sri-Ganganagar	J-34	200	300	-100
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Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				22-Dec-15	21-Dec-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	30300	30300	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	30800	30800	Unch
J-34(202)	26mm	3.5 - 4.9	23	33000	33100	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32700	32800	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	33800	33900	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33600	33600	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34500	34500	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	45500	45500	Unch

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

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

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

Centre	Unit	Price		Change
		23-Dec-15	22-Dec-15	
Mahesana (Kadi)	Rs./Qtl	2049	2089	-40
Akola	Rs./Qtl	2004	2045	-41

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 23/12/2015		
Index	RMB/Ton	Change
CCIndex(328)	12927	2
CCIndex(527)	11871	2
CCIndex(229)	13568	NIL

China Foreign Cotton (FC) Index : As on 23/12/2015		
Index	Cents/lb	Change
FC Index (S)	73.99	-0.26
FC Index (M)	70.76	-0.25
FC Index (L)	68.74	-0.30

Cotlook Index: As on 22/12/2015		
Cotlook Indices	Cents/Pound	Change
A-Index	70.00	-0.45

USDA Cotton Spot Rates: As on 22/12/2015			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	64.66	67.91	504
North Delta	63.16	65.91	NIL
South Delta	63.16	65.91	1524
East TX-OK	61.00	63.00	4292
West Texas	60.50	62.75	14490
Desert SW	59.91	66.16	200
SJ Valley	61.16	71.06	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 22/12/2015					
Contract	Open	High	Low	Close	Change
16-Mar	63.32	63.7	63.06	63.16	-0.16
16-May	64.05	64.43	63.86	63.94	-0.17
16-Jul	64.7	64.95	64.5	64.59	-0.17
16-Oct	64.22	64.22	64.22	64.22	-0.19
16-Dec	64.55	64.81	64.31	64.47	-0.17
17-Mar	65.06	65.06	64.75	64.75	-0.19

Pakistan Cotton Spot rates: As on 22/12/2015 (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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