

## Domestic Fundamentals:

**Market Outlook:** Cotton spot prices noticed mixed tone on Thursday.

**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
		24-Dec-15	23-Dec-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4300	4250	50
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	4915	4800	115
Patan	B.T. Cotton	4700	4690	10
Deesa	B.T. Cotton	4650	4650	Unch
Dhrol	B.T. Cotton	4840	4820	20
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4825	4800	25
Adampur	B.T. Cotton	4705	4675	30
Fatehabad	B.T. Cotton	4700	4700	Unch
Dabwali	B.T. Cotton	4625	4625	Unch
Jind	B.T. Cotton	4757	4750	7
Uchana (Jind)	B.T. Cotton	4749	4770	-21
Rawatsar (Hanumangarh)	B.T. Cotton	4650	4624	26
Hubli	B.T. Cotton	NA	4939	-
Hathras	B.T. Cotton(US)	4500	NA	-
Hanumangarh	B.T. Cotton	4751	4760	-9
	<b>Kapas</b>			
Ahmedabad	Shankar-6	Closed	4850	-
Gondal	Shankar-6	Closed	4935	-
	<b>Kapas</b>			
Bhiwani	Desi	4550	4550	Unch
Jamner (Jalgaon)	Medium Staple	NA	4532	-
Hathras	Desi	4300	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	5970	-
Raichur	H-44 Cotton	NA	4600	-
Adilabad	Un-Ginned	4200	4250	-50
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
	<b>Lint</b>	<b>Rs./Maund (of 37.32 Kg each)</b>		
Abohar	J-34	3525	3520	5
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	4520	4500	20
Sirsa	J-34	3520	3515	5

Mansa	J-34	3520	3515	5
Sri-Ganganagar	J-34	4700	4700	Unch

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		24-Dec-15	23-Dec-15	
Amravati	Mech-1	27000	30000	-3000
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	35000	50000	-15000
Rajkot	B.T. Cotton	7200	7500	-300
Patan	B.T. Cotton	7530	10820	-3290
Deesa	B.T. Cotton	790	875	-85
Dhrol	B.T. Cotton	863	825	38
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	2000	3000	-1000
Adampur	B.T. Cotton	1020	1020	Unch
Fatehabad	B.T. Cotton	800	800	Unch
Dabwali	B.T. Cotton	550	450	100
Jind	B.T. Cotton	153	595	-442
Uchana (Jind)	B.T. Cotton	800	1500	-700
Rawatsar	B.T. Cotton	1000	500	500
Hubli	B.T. Cotton		36	-36
Hathras	B.T. Cotton	20	NA	-
Hanumangarh	B.T. Cotton	2000	3000	-1000
Ahmedabad	Shankar-6	Closed	51000	-
Gondal	Shankar-6	Closed	3546	-
Bhiwani	Desi	200	200	Unch
Jamner (Jalgaon)	Medium Staple	NA	179	-
Hathras	Desi	20	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	2	-
Raichur	H-44 Cotton	NA	1530	-
Adilabad	Un-Ginned	7061	6150	911
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	1020	1700	-680
Bhatinda	J-34	7684	7650	34
Sirsa	J-34	1360	850	510
Mansa	J-34	425	425	Unch

Sri-Ganganagar	J-34	200	200	Unch
----------------	------	-----	-----	------

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				23-Dec-15	22-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	33000	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32500	32700	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	33600	33800	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33400	33600	-200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34300	34500	-200
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
		24-Dec-15	23-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
		24-Dec-15	23-Dec-15	
Mahesana (Kadi)	Rs./Qtl	2046	2049	-3
Akola	Rs./Qtl	2000	2004	-4

**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 24/12/2015		
Index	Cents/lb	Change
FC Index (S)	73.89	-0.10
FC Index (M)	70.75	-0.01
FC Index (L)	68.74	-0.00

Cotlook Index: As on 23/12/2015		
Cotlook Indices	Cents/Pound	Change
A-Index	69.85	-0.15

USDA Cotton Spot Rates: As on 23/12/2015			
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	63.16	63.37	62.75	62.77	-0.39
16-May	63.90	64.11	63.53	63.56	-0.38
16-Jul	64.67	64.76	64.20	64.23	-0.36
16-Oct	63.84	63.84	63.84	63.84	-0.38
16-Dec	64.47	64.47	64.07	64.13	-0.34
17-Mar	64.41	64.41	64.41	64.41	-0.34

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

**Disclaimer**

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2015 Indian Agribusiness Systems Pvt. Ltd.