

## Domestic Fundamentals:

**Market Outlook:** Cotton spot prices noticed steady to slightly firm on Saturday.

**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
		26-Dec-15	24-Dec-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4350	4300	50
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4875	4800	75
Rajkot	B.T. Cotton	4935	4915	20
Patan	B.T. Cotton	NA	4700	-
Deesa	B.T. Cotton	4650	4650	Unch
Dhrol	B.T. Cotton	NA	4840	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	5000	4825	175
Adampur	B.T. Cotton	4915	4705	210
Fatehabad	B.T. Cotton	4890	4700	190
Dabwali	B.T. Cotton	4775	4625	150
Jind	B.T. Cotton	5010	4757	253
Uchana (Jind)	B.T. Cotton	4940	4749	191
Rawatsar (Hanumangarh)	B.T. Cotton	4895	4650	245
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	4400	4500	-100
Hanumangarh	B.T. Cotton	4900	4751	149
	<b>Kapas</b>			
Ahmedabad	Shankar-6	Closed	Closed	-
Gondal	Shankar-6	5000	Closed	-
	<b>Kapas</b>			
Bhiwani	Desi	4550	4550	Unch
Jamner (Jalgaon)	Medium Staple	4625	NA	-
Hathras	Desi	4200	4300	-100
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4600	NA	-
Adilabad	Un-Ginned	4100	4200	-100
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	4100	NA	-
	<b>Lint</b>	<b>Rs./Maund</b>		
Abohar	J-34	3575	3525	50
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3575	3540	35
Sirsa	J-34	3565	3520	45

Mansa	J-34	3540	3520	20
Sri-Ganganagar	J-34	4900	4700	200

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		26-Dec-15	24-Dec-15	
Amravati	Mech-1	22000	27000	-5000
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	20000	35000	-15000
Rajkot	B.T. Cotton	3800	7200	-3400
Patan	B.T. Cotton	NA	7530	-
Deesa	B.T. Cotton	1525	790	735
Dhrol	B.T. Cotton	NA	863	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	2000	2000	Unch
Adampur	B.T. Cotton	510	1020	-510
Fatehabad	B.T. Cotton	700	800	-100
Dabwali	B.T. Cotton	450	550	-100
Jind	B.T. Cotton	187	153	34
Uchana (Jind)	B.T. Cotton	1000	800	200
Rawatsar (Hanumangarh)	B.T. Cotton	600	1000	-400
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	10	20	-10
Hanumangarh	B.T. Cotton	1000	2000	-1000
Ahmedabad	Shankar-6	Closed	Closed	-
Gondal	Shankar-6	2253	Closed	-
Bhiwani	Desi	200	200	Unch
Jamner (Jalgaon)	Medium Staple	190	NA	-
Hathras	Desi	20	20	Unch
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	2332	NA	-
Adilabad	Un-Ginned	NA	7061	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	850	1020	-170
Bhatinda	J-34	5100	7684	-2584

Sirsa	J-34	850	1360	<b>-510</b>
Mansa	J-34	510	425	<b>85</b>
Sri-Ganganagar	J-34	150	200	<b>-50</b>

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				24-Dec-15	23-Dec-15	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	30300	30300	<b>Unch</b>
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	30800	30800	<b>Unch</b>
J-34(202)	26mm	3.5 - 4.9	23	33000	33000	<b>Unch</b>
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32500	32500	<b>Unch</b>
Shankar-6(105)	29mm	3.5 - 4.9	28	33600	33600	<b>Unch</b>
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33400	33400	<b>Unch</b>
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34300	34300	<b>Unch</b>
DCH-32(107)	34mm	3.0 - 3.8	33	45500	45500	<b>Unch</b>

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

Centre	Unit	Price		Change
		26-Dec-15	24-Dec-15	
Rajkot	Rs. /10 Kg.	585	585	<b>Unch</b>
New Delhi	Rs. /10 Kg.	575	575	<b>Unch</b>
Hyderabad	Rs. /10 Kg.	575	570	<b>5</b>
Mumbai	Rs. /10 Kg.	NA	585	<b>-</b>

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

Centre	Unit	Price		Change
		26-Dec-15	24-Dec-15	
Mahesana (Kadi)	Rs./Qtl	Closed	2046	<b>-</b>
Akola	Rs./Qtl	Closed	2000	<b>-</b>

**INTERNATIONAL PRICES AND INDICES**

<b>China Cotton Index: As on 25/12/2015</b>		
<b>Index</b>	<b>RMB/Ton</b>	<b>Change</b>
CCIndex(328)	12931	<b>-1</b>
CCIndex(527)	11871	<b>Unch</b>
CCIndex(229)	13565	<b>-3</b>

<b>China Foreign Cotton (FC) Index : As on 26/12/2015</b>		
<b>Index</b>	<b>Cents/lb</b>	<b>Change</b>
FC Index (S)	73.57	<b>-0.32</b>
FC Index (M)	70.37	<b>-0.38</b>
FC Index (L)	68.34	<b>-0.40</b>

<b>Cotlook Index: As on 24/12/2015</b>		
<b>Cotlook Indices</b>	<b>Cents/Pound</b>	<b>Change</b>
A-Index	69.55	<b>-0.30</b>

<b>USDA Cotton Spot Rates: As on 24/12/2015</b>			
<b>Growth Area</b>	<b>Leaf 4 to Staple 34</b>	<b>Leaf 3 to Staple 35</b>	<b>Arrivals</b>
	<b>cents/lb.</b>		<b>bales</b>
<b>Southeast</b>	65.16	68.41	<b>NIL</b>
<b>North Delta</b>	63.66	66.41	<b>NIL</b>
<b>South Delta</b>	63.66	66.41	<b>NIL</b>
<b>East TX-OK</b>	60.50	62.50	<b>NIL</b>
<b>West Texas</b>	59.75	62.00	<b>946</b>
<b>Desert SW</b>	60.66	66.91	<b>580</b>
<b>SJ Valley</b>	61.66	71.56	<b>NIL</b>

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 24/12/2015**

Contract	Open	High	Low	Close	Change
<b>16-Mar</b>	62.82	63.94	62.73	63.66	<b>0.89</b>
<b>16-May</b>	63.56	64.59	63.46	64.35	<b>0.79</b>
<b>16-Jul</b>	64.25	65.20	64.11	64.99	<b>0.76</b>
<b>16-Oct</b>	64.51	64.51	64.51	64.51	<b>0.67</b>
<b>16-Dec</b>	64.00	65.00	63.94	64.85	<b>0.72</b>
<b>17-Mar</b>	64.60	65.12	64.60	65.12	<b>0.71</b>

**Pakistan Cotton Spot rates: As on 23/12/2015 (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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