

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed mixed tone on Monday.

In The News: Due to the robust demand from overseas including Pakistan, Government of India is expected to cut drastically on the cotton purchasing under the MSP operation this season. According to the sources, country spent Rs 160 billion to procure 8.7 million bales of cotton in season 2014-15, surprisingly it could only spend Rs 20 billion approximately to procure 1 million bales of cotton in the current season i.e.2015-16.

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.

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	12	909.5	917	905	911.5	9401	4367	17842	-345
Spread		Feb-16			Apr-16				
Spot		--			80.5				
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 28 December 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-15	220	16370	16450	16250	16400	1452	630	718	-790
Jan-16	180	16600	16680	16500	16610	3334	1644	7686	-21
Feb-16	200	16900	16900	16740	16850	1976	1326	6166	1047
Mar-16	210	17060	17100	16970	17070	137	42	1069	35
Spread		Dec-15	Jan-16	Feb-16	Mar-16		--		--
Spot		--							
Dec-15			-210						
Jan-16				-240					
Feb-16					-220				
Mar-16									

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

* Updated at 5:00 pm on 28 December 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		28-Dec-15	26-Dec-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4500	4350	150
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4900	4875	25
Rajkot	B.T. Cotton	4960	4935	25
Patan	B.T. Cotton	4865	NA	-
Deesa	B.T. Cotton	4610	4650	-40
Dhrol	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4900	5000	-100
Adampur	B.T. Cotton	4900	4915	-15
Fatehabad	B.T. Cotton	4900	4890	10
Dabwali	B.T. Cotton	4785	4775	10
Jind	B.T. Cotton	4919	5010	-91
Uchana	B.T. Cotton	4928	4940	-12
Rawatsar	B.T. Cotton	4780	4895	-115
Hubli	B.T. Cotton	5097	4999	98
Hathras	B.T. Cotton	NA	4400	-
Hanumangarh	B.T. Cotton	4900	4900	Unch
	Kapas			
Ahmedabad	Shankar-6	5000	Closed	-
Gondal	Shankar-6	5095	5000	95
	Kapas			
Bhiwani	Desi	5000	4550	450
Jamner (Jalgaon)	Medium Staple	4700	4625	75
Hathras	Desi	NA	4200	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	6039	-
Raichur	H-44 Cotton	4711	4600	111
Adilabad	Un-Ginned	4500	4100	400
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	4100	NA	-
East Godavari	Un-Ginned	4100	4100	Unch
	Lint	Rs./Maund (of 37.32 Kg each)		
Abohar	J-34	3600	3575	25
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3580	3575	5
Sirsa	J-34	3580	3565	15

Mansa	J-34	3585	3540	45
Sri-Ganganagar	J-34	4900	4900	Unch

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (In Quintals)		Change
		28-Dec-15	26-Dec-15	
Amravati	Mech-1	12000	22000	-10000
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	30000	20000	10000
Rajkot	B.T. Cotton	6000	3800	2200
Patan	B.T. Cotton	11750	NA	-
Deesa	B.T. Cotton	1575	1525	50
Dhrol	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	2500	2000	500
Adampur	B.T. Cotton	595	510	85
Fatehabad	B.T. Cotton	450	700	-250
Dabwali	B.T. Cotton	425	450	-25
Jind	B.T. Cotton	136	187	-51
Uchana (Jind)	B.T. Cotton	700	1000	-300
Rawatsar	B.T. Cotton	600	600	Unch
Hubli	B.T. Cotton	76	72	4
Hathras	B.T. Cotton	NA	10	-
Hanumangarh	B.T. Cotton	2000	1000	1000
Ahmedabad	Shankar-6	51000	Closed	-
Gondal	Shankar-6	4551	2253	2298
Bhiwani	Desi	100	200	-100
Jamner (Jalgaon)	Medium Staple	81	190	-109
Hathras	Desi	NA	20	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	1335	2332	-997
Adilabad	Un-Ginned	NA	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	850	850	Unch
Bhatinda	J-34	5950	5100	850
Sirsa	J-34	850	850	Unch
Mansa	J-34	340	510	-170

Sri-Ganganagar	J-34	500	150	350
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Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				26-Dec-15	24-Dec-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	31000	30300	700
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	31500	30800	700
J-34(202)	26mm	3.5 - 4.9	23	33200	33000	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32600	32500	100
Shankar-6(105)	29mm	3.5 - 4.9	28	33700	33600	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33500	33400	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34400	34300	100
DCH-32(107)	34mm	3.0 - 3.8	33	46000	45500	500

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

Centre	Unit	Price		Change
		28-Dec-15	26-Dec-15	
Rajkot	Rs. /10 Kg.	580	585	-5
New Delhi	Rs. /10 Kg.	575	575	Unch
Hyderabad	Rs. /10 Kg.	570	575	-5
Mumbai	Rs. /10 Kg.	582	NA	-

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

Centre	Unit	Price		Change
		28-Dec-15	26-Dec-15	
Mahesana (Kadi)	Rs./Qtl	2175	Closed	-
Akola	Rs./Qtl	2099	Closed	-

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 25/12/2015		
Index	RMB/Ton	Change
CCIndex(328)	12929	-2
CCIndex(527)	11869	-2
CCIndex(229)	13557	-8

China Foreign Cotton (FC) Index : As on 28/12/2015

Index	Cents/lb	Change
FC Index (S)	74.65	0.44
FC Index (M)	71.44	0.41
FC Index (L)	69.44	0.30

Cotlook Index: As on 24/12/2015

Cotlook Indices	Cents/Pound	Change
A-Index	69.55	-0.30

USDA Cotton Spot Rates: As on 24/12/2015

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

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

Pakistan Cotton Spot rates: As on 26/12/2015 (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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