

## Domestic Fundamentals:

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

**In The News:** Many of the textile mills in country are willing to import cotton from African region rather than buying it from local traders. Due to the strong demand from overseas particularly Pakistan and China currently, the domestic prices of cotton are ruling quite high which is resulting in reluctant textile mills to buy the local produce. Also, the cotton arrivals are declining, making the supply side to lag.

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.

### International Fundamentals:

According to the latest report of ICAC, average Cotlook A index during the season 2014-15 stood 71 cents per pound, around 22% lower when compared to the index previous season which was 91 cents per pound and around 19% lower when compared to the price during previous to last season which was 88 cents per pound.

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.

### 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	-10	916	918	900	903.5	10798	1397	17087	-755
Spread	Feb-16		Apr-16						
Spot	--		86.5						
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 29 December 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-15	40	16410	16540	16370	16440	593	-859	435	-283
Jan-16	-80	16620	16670	16520	16550	2579	-755	7633	-53
Feb-16	-90	16850	16890	16760	16780	1309	-667	6741	575
Mar-16	-110	17050	17090	16970	16980	106	-31	1131	62
Spread	Dec-15	Jan-16	Feb-16	Mar-16	--	--			
Spot	--								
Dec-15		-110							
Jan-16			-230						
Feb-16				-200					
Mar-16									

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

\* Updated at 5:00 pm on 29 December 2015

**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Markets:**

Centre	Variety	Prices		Change
		29-Dec-15	28-Dec-15	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4700	4500	200
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	5000	4900	100
Rajkot	B.T. Cotton	4950	4960	-10
Patan	B.T. Cotton	5050	4865	185
Deesa	B.T. Cotton	4615	4610	5
Dhrol	B.T. Cotton	5050	5015	35
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4900	4900	Unch
Adampur	B.T. Cotton	4900	4900	Unch
Fatehabad	B.T. Cotton	4900	4900	Unch
Dabwali	B.T. Cotton	4725	4785	-60
Jind	B.T. Cotton	4921	4919	2
Uchana (Jind)	B.T. Cotton	4924	4928	-4
Rawatsar (Hanumangarh)	B.T. Cotton	4750	4780	-30
Hubli	B.T. Cotton	5169	5097	72
Hathras	B.T. Cotton	NR	NA	-
Hanumangarh	B.T. Cotton	4900	4900	Unch
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4900	5000	-100
Gondal	Shankar-6	5040	5095	-55
	<b>Kapas</b>			
Bhiwani	Desi	5000	5000	Unch
Jamner (Jalgaon)	Medium Staple	NA	4700	-
Hathras	Desi	NR	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4840	4711	129
Adilabad	Un-Ginned	4500	4500	Unch
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	4100	-
East Godavari	Un-Ginned	4100	4100	Unch
	<b>Lint</b>	<b>Rs./Maund (of 37.32 Kg each)</b>		
Abohar	J-34	3590	3600	-10
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3600	3580	20
Sirsa	J-34	3590	3580	10

Mansa	J-34	3570	3585	<b>-15</b>
Sri-Ganganagar	J-34	4900	4900	<b>Unch</b>

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		29-Dec-15	28-Dec-15	
Amravati	Mech-1	7000	12000	<b>-5000</b>
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	15000	30000	<b>-15000</b>
Rajkot	B.T. Cotton	5800	6000	<b>-200</b>
Patan	B.T. Cotton	10485	11750	<b>-1265</b>
Deesa	B.T. Cotton	2425	1575	<b>850</b>
Dhrol	B.T. Cotton	1350	1352	<b>-2</b>
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	2500	2500	<b>Unch</b>
Adampur	B.T. Cotton	595	595	<b>Unch</b>
Fatehabad	B.T. Cotton	400	450	<b>-50</b>
Dabwali	B.T. Cotton	375	425	<b>-50</b>
Jind	B.T. Cotton	238	136	<b>102</b>
Uchana (Jind)	B.T. Cotton	900	700	<b>200</b>
Rawatsar (Hanumangarh)	B.T. Cotton	3000	600	<b>2400</b>
Hubli	B.T. Cotton	80	76	<b>4</b>
Hathras	B.T. Cotton(US)	NR	NA	-
Hanumangarh	B.T. Cotton	1500	2000	<b>-500</b>
Ahmedabad	Shankar-6	51000	51000	<b>Unch</b>
Gondal	Shankar-6	4421	4551	<b>-130</b>
Bhiwani	Desi	100	100	<b>Unch</b>
Jamner (Jalgaon)	Medium Staple	NA	81	-
Hathras	Desi	NR	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	1297	1335	<b>-38</b>
Adilabad	Un-Ginned	5650	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	680	850	<b>-170</b>
Bhatinda	J-34	5950	5950	<b>Unch</b>
Sirsa	J-34	850	850	<b>Unch</b>
Mansa	J-34	NA	340	-

Sri-Ganganagar	J-34	500	500	Unch
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**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				28-Dec-15	26-Dec-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	31800	31000	800
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	32300	31500	800
J-34(202)	26mm	3.5 - 4.9	23	33400	33200	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32900	32600	300
Shankar-6(105)	29mm	3.5 - 4.9	28	34000	33700	300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34100	33500	600
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35200	34400	800
DCH-32(107)	34mm	3.0 - 3.8	33	47000	46000	1000

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

Centre	Unit	Price		Change
		29-Dec-15	28-Dec-15	
Rajkot	Rs. /10 Kg.	583	580	3
New Delhi	Rs. /10 Kg.	575	575	Unch
Hyderabad	Rs. /10 Kg.	570	570	Unch
Mumbai	Rs. /10 Kg.	582	582	Unch

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

Centre	Unit	Price		Change
		29-Dec-15	28-Dec-15	
Mahesana (Kadi)	Rs./Qtl	2167	2175	-8
Akola	Rs./Qtl	2100	2099	1

**INTERNATIONAL PRICES AND INDICES**

China Cotton Index: As on 29/12/2015		
Index	RMB/Ton	Change
CCIndex(328)	12926	-3
CCIndex(527)	11869	NIL
CCIndex(229)	13555	-2

**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 28/12/2015**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	65.47	68.72	281
North Delta	63.97	66.72	NIL
South Delta	63.97	66.72	NIL
East TX-OK	60.75	62.75	NIL
West Texas	60.75	63.00	6991
Desert SW	60.97	67.22	NIL
SJ Valley	61.97	71.87	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 28/12/2015**

Contract	Open	High	Low	Close	Change
16-Mar	63.66	64.44	63.39	63.97	0.31
16-May	64.44	65.00	64.10	64.72	0.37
16-Jul	65.02	65.56	64.93	65.36	0.37
16-Oct	64.87	64.87	64.87	64.87	0.36
16-Dec	65.00	65.40	64.89	65.09	0.24
17-Mar	65.36	65.36	65.36	65.36	0.24

**Pakistan Cotton Spot rates: As on 28/12/2015 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5200	135	5335
Equivalent	40 Kgs	5573	145	5718

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