

Domestic Fundamentals:

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

In The News: South Indian cotton mills in country have terminated the purchase of cotton from Gujarat due to the quality issues being reported in the produce. According to the SIMA (South Indian Mills Association), cotton supplies from Gujarat during December this year are not the up to the mark of the quality standards, although it was good during October and November. Following the reason, the purchase from Gujarat has been fallen down by 60-70 in the current month.

India exported 3.59 lakh bales of cotton last week (21 Dec-27 Dec 2015), which was 3.91 lakh bales previous to last week (14 Dec-20 Dec 2015), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.067 lakh bales last week, which was 0.15 lakh bales previous to last week.

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.

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% a compared t 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.

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 form 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 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	-7.5	897	898.5	891	891	5814	-4984	17567	480
Spread	Feb-16			Apr-16					
Spot	--			86					
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 30 December 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-15	-100	16410	16410	16310	16320	124	-469	328	-107
Jan-16	-40	16510	16530	16450	16480	2140	-439	7046	-587
Feb-16	-50	16740	16760	16680	16700	1664	355	7423	682
Mar-16	-20	16900	16950	16890	16930	149	43	1177	46
Spread	Dec-15	Jan-16	Feb-16	Mar-16	--		--		
Spot	--								
Dec-15		-160							
Jan-16			-220						
Feb-16				-230					
Mar-16									

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

* Updated at 5:00 pm on 30 December 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		30-Dec-15	29-Dec-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4700	4700	Unch
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
	Kapas	(Rs./Qtl)		
Mahesana(Kadi)	B.T. Cotton	4900	5000	-100
Rajkot	B.T. Cotton	4885	4950	-65
Patan	B.T. Cotton	4840	5050	-210
Deesa	B.T. Cotton	4685	4615	70
Dhrol	B.T. Cotton	4860	5050	-190
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4750	4900	-150
Adampur	B.T. Cotton	4800	4900	-100
Fatehabad	B.T. Cotton	4820	4900	-80
Dabwali	B.T. Cotton	4760	4725	35
Jind	B.T. Cotton	4829	4921	-92
Uchana (Jind)	B.T. Cotton	4845	4924	-79
Rawatsar (Hanumangarh)	B.T. Cotton	4650	4750	-100
Hubli	B.T. Cotton	5009	5169	-160
Hathras	B.T. Cotton(US)	NA	NR	-
Hanumangarh	B.T. Cotton	4800	4900	-100
	Kapas	(Rs./Qtl)		
Ahmedabad	Shankar-6	NR	4900	-
Gondal	Shankar-6	4975	5040	-65
	Kapas	(Rs./Qtl)		
Bhiwani	Desi	4600	5000	-400
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NR	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4850	4840	10
Adilabad	Un-Ginned	4450	4500	-50
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	4100	4100	Unch
	Lint	Rs./Maund (of 37.32 Kg each)		
Abohar	J-34	3575	3590	-15
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3575	3600	-25
Sirsa	J-34	3560	3590	-30

Mansa	J-34	NA	3570	-
Sri-Ganganagar	J-34	4900	4900	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (In Quintals)		Change
		30-Dec-15	29-Dec-15	
Amravati	Mech-1	4000	7000	-3000
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	45000	15000	30000
Rajkot	B.T. Cotton	5000	5800	-800
Patan	B.T. Cotton	10220	10485	-265
Deesa	B.T. Cotton	1125	2425	-1300
Dhrol	B.T. Cotton	997	1350	-353
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	100	2500	-2400
Adampur	B.T. Cotton	255	595	-340
Fatehabad	B.T. Cotton	500	400	100
Dabwali	B.T. Cotton	275	375	-100
Jind	B.T. Cotton	255	238	17
Uchana (Jind)	B.T. Cotton	700	900	-200
Rawatsar (Hanumangarh)	B.T. Cotton	500	3000	-2500
Hubli	B.T. Cotton	16	80	-64
Hathras	B.T. Cotton(US)	NA	NR	-
Hanumangarh	B.T. Cotton	1500	1500	Unch
Ahmedabad	Shankar-6	NR	51000	-
Gondal	Shankar-6	4320	4421	-101
Bhiwani	Desi	NA	100	-
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NR	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	1162	1297	-135
Adilabad	Un-Ginned	4531	5650	-1119
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	680	Unch
Bhatinda	J-34	5100	5950	-850
Sirsa	J-34	850	850	Unch
Mansa	J-34	NA	NA	-

Sri-Ganganagar	J-34	300	500	-200
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Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				29-Dec-15	28-Dec-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	32200	31800	400
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	32700	32300	400
J-34(202)	26mm	3.5 - 4.9	23	33300	33400	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33000	32900	100
Shankar-6(105)	29mm	3.5 - 4.9	28	34000	34000	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34100	34100	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35200	35200	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	47000	47000	Unch

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

Centre	Unit	Price		Change
		30-Dec-15	29-Dec-15	
Rajkot	Rs. /10 Kg.	583	583	Unch
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
		30-Dec-15	29-Dec-15	
Mahesana (Kadi)	Rs./Qtl	2108	2167	-59
Akola	Rs./Qtl	2065	2100	-35

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 30/12/2015		
Index	RMB/Ton	Change
CCIndex(328)	12926	-3
CCIndex(527)	11869	NIL
CCIndex(229)	13555	NIL

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 29/12/2015

Cotlook Indices	Cents/Pound	Change
A-Index	70.60	1.05

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	65.37	68.62	157
North Delta	63.87	66.62	528
South Delta	63.87	66.62	NIL
East TX-OK	60.75	62.75	4078
West Texas	60.75	63.00	15086
Desert SW	60.87	67.12	NIL
SJ Valley	61.87	71.77	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 29/12/2015 (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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