

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed mostly firm tone on Saturday.

In The News: According to the latest estimates of Cotton Association of India (CAI), cotton output in India would be around 362 lakh bales (of 170 Kg each) in 2015-16, around 5.7% lower when compared to 382.75 lakh bales in 2014-15. Total supply would be around 454.65 (including opening stock, production and imports) and domestic consumption (mill and non mill) would be around 318 lakh bales.

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.

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	4.5	890	897.5	887	894	5138	-676	17585	18

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 31 December 2015

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-15	200	16450	16490	16350	16490	134	10	241	-87
Jan-16	70	16460	16560	16450	16550	1044	-1096	7186	140
Feb-16	60	16680	16770	16680	16760	479	-1185	7400	-23
Mar-16	70	16920	16970	16900	16970	120	-29	1155	-22

Spread	Dec-15	Jan-16	Feb-16	Mar-16	--	--
Spot	--					
Dec-15		-60				
Jan-16			-210			
Feb-16				-210		
Mar-16						

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

* Updated at 5:00 pm on 31 December 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		02-Jan-16	31-Dec-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4600	4800	-200
Khandwa	Mech-1	NA	NA	-
Khargaan	Mech-1	NA	NA	-
	Kapas	(Rs./Qtl)		
Mahesana(Kadi)	B.T. Cotton	5100	4800	300
Rajkot	B.T. Cotton	4950	4880	70
Patan	B.T. Cotton	4890	4805	85
Deesa	B.T. Cotton	4700	4675	25
Dhrol	B.T. Cotton	NA	4805	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4800	4800	Unch
Adampur	B.T. Cotton	4900	4750	150
Fatehabad	B.T. Cotton	4830	4780	50
Dabwali	B.T. Cotton	4780	4675	105
Jind	B.T. Cotton	4985	4860	125
Uchana (Jind)	B.T. Cotton	4960	4817	143
Rawatsar (Hanumangarh)	B.T. Cotton	4800	4625	175
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	4825	4800	25
	Kapas	(Rs./Qtl)		
Ahmedabad	Shankar-6	4950	4850	100
Gondal	Shankar-6	NR	4880	-
	Kapas	(Rs./Qtl)		
Bhiwani	Desi	4700	4500	200
Jamner (Jalgaon)	Medium Staple	4815	4765	50
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	NA	-
Adilabad	Un-Ginned	4470	4400	70
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	3600	3550	50
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3590	3560	30
Sirsa	J-34	3590	3550	40

Mansa	J-34	NA	NA	-
Sri-Ganganagar	J-34	5000	4850	150

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		02-Jan-15	31-Dec-15	
Amravati	Mech-1	12000	4000	8000
Khandwa	Mech-1	NA	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	20000	35000	-15000
Rajkot	B.T. Cotton	5100	6000	-900
Patan	B.T. Cotton	10090	7810	2280
Deesa	B.T. Cotton	4700	1325	3375
Dhrol	B.T. Cotton	NA	883	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	150	150	Unch
Adampur	B.T. Cotton	340	510	-170
Fatehabad	B.T. Cotton	525	650	-125
Dabwali	B.T. Cotton	200	175	25
Jind	B.T. Cotton	272	136	136
Uchana (Jind)	B.T. Cotton	650	700	-50
Rawatsar (Hanumangarh)	B.T. Cotton	2000	100	1900
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	800	1000	-200
Ahmedabad	Shankar-6	42500	51000	-8500
Gondal	Shankar-6	NR	4515	-
Bhiwani	Desi	NA	NA	-
Jamner (Jalgaon)	Medium Staple	49	76	-27
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	NA	-
Adilabad	Un-Ginned	NA	4556	-
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	5100	Unch
Sirsa	J-34	510	680	-170
Mansa	J-34	NA	NA	-

Sri-Ganganagar	J-34	200	600	-400
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Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				01-Jan-16	31-Dec-15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	32400	32200	200
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	32900	32700	200
J-34(202)	26mm	3.5 - 4.9	23	33200	33000	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33000	33000	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	33800	33800	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34100	34100	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35700	35700	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	47500	47500	Unch

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

Centre	Unit	Price		Change
		02-Jan-16	31-Dec-15	
Rajkot	Rs. /10 Kg.	582	582	Unch
New Delhi	Rs. /10 Kg.	575	575	Unch
Hyderabad	Rs. /10 Kg.	570	570	Unch
Mumbai	Rs. /10 Kg.	580	580	Unch

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

Centre	Unit	Price		Change
		02-Jan-16	31-Dec-15	
Mahesana (Kadi)	Rs./Qtl	2168	2107	61
Akola	Rs./Qtl	2123	2072	51

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 31/12/2015

Index	RMB/Ton	Change
CCIndex(328)	12923	-1
CCIndex(527)	11869	NIL
CCIndex(229)	13555	NIL

China Foreign Cotton (FC) Index : As on 29/12/2015

Index	Cents/lb	Change
FC Index (S)	74.74	Unch
FC Index (M)	71.50	Unch
FC Index (L)	69.50	Unch

Cotlook Index: As on 30/12/2015

Cotlook Indices	Cents/Pound	Change
A-Index	70.60	Unch

USDA Cotton Spot Rates: As on 31/12/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	64.78	68.03	2658
North Delta	63.28	66.03	NIL
South Delta	63.28	66.03	NIL
East TX-OK	60.5	62.5	3136
West Texas	60.5	62.25	16474
Desert SW	60.28	66.53	NIL
SJ Valley	61.28	71.18	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 30/12/2015

Contract	Open	High	Low	Close	Change
16-Mar	63.91	63.91	63.05	63.28	-0.69
16-May	64.47	64.67	63.84	64.11	-0.60
16-Jul	65.10	65.29	64.49	64.79	-0.56
16-Oct	64.41	64.41	64.41	64.41	-0.50
16-Dec	64.75	65.09	64.41	64.72	-0.38
17-Mar	64.99	64.99	64.99	64.99	-0.38

Pakistan Cotton Spot rates: As on 31/12/2015 (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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