

Domestic Fundamentals:

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

In The News: Cotton production in Gujarat is likely to be around 99.5 lakh bales in 2015-16, around 8% lower as compared to production of previous season which was 108 lakh bales, according to Cotton Association of India.

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 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 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	-15.5	905	907	887	889.5	10183	5045	18399	814
Spread	Feb-16		Apr-16						
Spot	--		93.5						
Feb-16	--		--						

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)

*Updated at 4:45 pm on 04 January 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-16	-70	16620	16700	16570	16590	2028	1894	6986	6745
Feb-16	-80	16820	16910	16770	16790	1817	773	8133	947
Mar-16	-70	17030	17120	16990	17000	288	-191	1380	-6020
Apr-16	-80	17260	17350	17240	17240	7	-113	117	-1038
Spread	Jan-16	Feb-16	Mar-16	Apr-16	--	--			
Spot	--								
Jan-16		-200							
Feb-16			-210						
Mar-16				-240					
Apr-16									

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

* Updated at 4:45 pm on 04 January 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		04-Jan-16	02-Jan-16	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4700	4600	100
Khandwa	Mech-1	4800	NA	-
Khargaon	Mech-1	4800	NA	-
	Kapas	(Rs./Qtl)		
Mahesana(Kadi)	B.T. Cotton	4900	5100	-200
Rajkot	B.T. Cotton	4915	4950	-35
Patan	B.T. Cotton	4850	4890	-40
Deesa	B.T. Cotton	Closed	4700	-
Dhrol	B.T. Cotton	5015	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NR	4800	-
Adampur	B.T. Cotton	4900	4900	Unch
Fatehabad	B.T. Cotton	4840	4830	10
Dabwali	B.T. Cotton	4750	4780	-30
Jind	B.T. Cotton	4861	4985	-124
Uchana (Jind)	B.T. Cotton	4930	4960	-30
Rawatsar (Hanumangarh)	B.T. Cotton	4750	4800	-50
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	5000	NA	-
Hanumangarh	B.T. Cotton	4850	4825	25
	Kapas	(Rs./Qtl)		
Ahmedabad	Shankar-6	4900	4950	-50
Gondal	Shankar-6	4950	NR	-
	Kapas	(Rs./Qtl)		
Bhiwani	Desi	NR	4700	-
Jamner (Jalgaon)	Medium Staple	NA	4815	-
Hathras	Desi	4800	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4900	4850	50
Adilabad	Un-Ginned	4570	4470	100
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	4100	4100	Unch
East Godavari	Un-Ginned	NA	4100	-
	Lint	Rs./Maund (of 37.32 Kg each)		
Abohar	J-34	3625	3600	25
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3620	3590	30
Sirsa	J-34	3620	3590	30

Mansa	J-34	3625	NA	-
Sri-Ganganagar	J-34	4900	5000	-100

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (In Quintals)		Change
		04-Jan-15	02-Jan-15	
Amravati	Mech-1	16000	12000	4000
Khandwa	Mech-1	1200	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	40000	20000	20000
Rajkot	B.T. Cotton	2800	5100	-2300
Patan	B.T. Cotton	11823	10090	1733
Deesa	B.T. Cotton	Closed	4700	-
Dhrol	B.T. Cotton	984	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NR	150	-
Adampur	B.T. Cotton	425	340	85
Fatehabad	B.T. Cotton	600	525	75
Dabwali	B.T. Cotton	425	200	225
Jind	B.T. Cotton	170	272	-102
Uchana (Jind)	B.T. Cotton	700	650	50
Rawatsar (Hanumangarh)	B.T. Cotton	600	2000	-1400
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	2000	800	1200
Ahmedabad	Shankar-6	51000	42500	8500
Gondal	Shankar-6	3726	NR	-
Bhiwani	Desi	NR	NA	-
Jamner (Jalgaon)	Medium Staple	NA	49	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	1875	742	1133
Adilabad	Un-Ginned	3212	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	680	Unch
Bhatinda	J-34	5100	5100	Unch
Sirsa	J-34	680	510	170
Mansa	J-34	170	NA	-

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

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				02-Jan-16	01-Jan-16	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	32700	32400	300
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	3200	32900	300
J-34(202)	26mm	3.5 - 4.9	23	33400	33200	200
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	33200	33000	200
Shankar-6(105)	29mm	3.5 – 4.9	28	34000	33800	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34300	34100	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35900	35700	200
DCH-32(107)	34mm	3.0 - 3.8	33	47700	47500	200

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

Centre	Unit	Price		Change
		04-Jan-16	02-Jan-16	
Rajkot	Rs. /10 Kg.	585	582	3
New Delhi	Rs. /10 Kg.	570	575	-5
Hyderabad	Rs. /10 Kg.	570	570	Unch
Mumbai	Rs. /10 Kg.	578	580	-2

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

Centre	Unit	Price		Change
		04-Jan-16	02-Jan-16	
Mahesana (Kadi)	Rs./Qtl	2140	2168	-28
Akola	Rs./Qtl	2108	2123	-15

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 04/01/2016		
Index	RMB/Ton	Change
CCIndex(328)	12923	1
CCIndex(527)	11861	-8
CCIndex(229)	13555	NIL

China Foreign Cotton (FC) Index : As on 31/12/2015

Index	Cents/lb	Change
FC Index (S)	74.75	-2.29
FC Index (M)	71.26	-0.24
FC Index (L)	69.07	-0.43

Cotlook Index: As on 31/12/2015

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 31/12/2015

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 02/01/2016 (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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