

## Domestic Fundamentals:

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

**In The News:** Monthly cotton imports during December remained weak due to the supply sufficiency in the country. Country imported 0.44 lakh bales of cotton during December, around 20% lower when compared to the imports of 0.55 lakh bales previous month and around 12% lower when compared to imports of 0.50 lakh bales during the same month previous season, according to the custom data released by IBIS. During December, country majorly imported cotton from USA, Argentina, Australia, Egypt and Benin. Total imports in the current season so far (during the period of October'15 to December'15) stood at 1.91 lakh bales, around 48.7% lower when compared to the 3.73 lakh bales, the imports during the same period last season i.e. 2014-15.

Monthly cotton exports during December noticed a strong uptrend as the demand from Pakistan remained firm during the month. Country exported 16.64 lakh bales of cotton during December around 33.5% higher when compared to the exports of 12.46 lakh bales previous month and 33.8% higher when compared to the exports of 10.14 lakh bales during the same month last year, according to custom data released by IBIS. The major export destinations during December were Pakistan, Bangladesh, Vietnam, China and Indonesia. Total exports in the current season so far (during the period of October'15 to December'15) stood at 33.75 lakh bales around 74.8% higher when compared to 19.33 lakh bales, the export during the same period last season i.e. 2014-15.

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.

### 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	-10	876	877.5	862	864.5	11223	1040	19599	1200
<b>Spread</b>		<b>Feb-16</b>			<b>Apr-16</b>				
<b>Spot</b>		--			111.5				
<b>Feb-16</b>		--			--				

(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 05 January 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-16	-20	16500	16540	16450	16470	1591	1457	6713	6472
Feb-16	-30	16700	16730	16640	16650	1173	129	8301	1115
Mar-16	-40	16930	16950	16850	16860	425	-54	1453	-5947
Apr-16	-230	17100	17140	17050	17060	22	-98	121	-1034
<b>Spread</b>		<b>Jan-16</b>	<b>Feb-16</b>	<b>Mar-16</b>	<b>Apr-16</b>		--		--
<b>Spot</b>		--							
<b>Jan-16</b>			-180						
<b>Feb-16</b>				-210					
<b>Mar-16</b>					-200				
<b>Apr-16</b>									

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

\* Updated at 4:45 pm on 05 January 2016

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

Centre	Variety	Prices		Change
		05-Jan-16	04-Jan-16	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4600	4700	<b>-100</b>
Khandwa	Mech-1	4800	4800	<b>Unch</b>
Khargaon	Mech-1	4800	4800	<b>Unch</b>
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Mahesana(Kadi)	B.T. Cotton	4900	4900	<b>Unch</b>
Rajkot	B.T. Cotton	4880	4915	<b>-35</b>
Patan	B.T. Cotton	4810	4850	<b>-40</b>
Deesa	B.T. Cotton	4855	Closed	-
Dhrol	B.T. Cotton	NA	5015	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NR	NR	-
Adampur	B.T. Cotton	4900	4900	<b>Unch</b>
Fatehabad	B.T. Cotton	4750	4840	<b>-90</b>
Dabwali	B.T. Cotton	NR	4750	-
Jind	B.T. Cotton	4771	4861	<b>-90</b>
Uchana (Jind)	B.T. Cotton	4840	4930	<b>-90</b>
Rawatsar (Hanumangarh)	B.T. Cotton	4775	4750	<b>25</b>
Hubli	B.T. Cotton	5244	5239	<b>5</b>
Hathras	B.T. Cotton	NA	5000	-
Hanumangarh	B.T. Cotton	4775	4850	<b>-75</b>
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Ahmedabad	Shankar-6	4850	4900	<b>-50</b>
Gondal	Shankar-6	4915	4950	<b>-35</b>
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Bhiwani	Desi	NR	NR	-
Jamner (Jalgaon)	Medium Staple	4718	4710	<b>8</b>
Hathras	Desi	NA	4800	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4900	4900	<b>Unch</b>
Adilabad	Un-Ginned	4500	4570	<b>-70</b>
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	4100	4100	<b>Unch</b>
East Godavari	Un-Ginned	4100	NA	-
	<b>Lint</b>	<b>Rs./Maund (of 37.32 Kg each)</b>		
Abohar	J-34	3580	3625	<b>-45</b>
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3605	3620	<b>-15</b>
Sirsa	J-34	3600	3620	<b>-20</b>

Mansa	J-34	3615	3625	<b>-10</b>
Sri-Ganganagar	J-34	4950	4900	<b>50</b>

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		05-Jan-15	04-Jan-15	
Amravati	Mech-1	18000	16000	<b>2000</b>
Khandwa	Mech-1	1200	1200	<b>Unch</b>
Khargaon	Mech-1	NA	NA	<b>-</b>
Mahesana(Kadi)	B.T. Cotton	45000	40000	<b>5000</b>
Rajkot	B.T. Cotton	5400	2800	<b>2600</b>
Patan	B.T. Cotton	10345	11823	<b>-1478</b>
Deesa	B.T. Cotton	1525	Closed	<b>-</b>
Dhrol	B.T. Cotton	NA	984	<b>-</b>
Fazilika	B.T. Cotton	NA	NA	<b>-</b>
Muktsar	B.T. Cotton	NA	NA	<b>-</b>
Bhiwani	B.T. Cotton	NR	NR	<b>-</b>
Adampur	B.T. Cotton	425	425	<b>Unch</b>
Fatehabad	B.T. Cotton	400	600	<b>-200</b>
Dabwali	B.T. Cotton	NR	425	<b>-</b>
Jind	B.T. Cotton	136	170	<b>-34</b>
Uchana (Jind)	B.T. Cotton	600	700	<b>-100</b>
Rawatsar (Hanumangarh)	B.T. Cotton	500	600	<b>-100</b>
Hubli	B.T. Cotton	40	132	<b>-92</b>
Hathras	B.T. Cotton	NA	NA	<b>-</b>
Hanumangarh	B.T. Cotton	2000	2000	<b>Unch</b>
Ahmedabad	Shankar-6	51000	51000	<b>Unch</b>
Gondal	Shankar-6	4456	3726	<b>730</b>
Bhiwani	Desi	NR	NR	<b>-</b>
Jamner (Jalgaon)	Medium Staple	52	61	<b>-9</b>
Hathras	Desi	NA	NA	<b>-</b>
Bijapur	Bunny	NA	NA	<b>-</b>
Hubli	D.C.H.	NA	NA	<b>-</b>
Raichur	H-44 Cotton	1230	1875	<b>-645</b>
Adilabad	Un-Ginned	6666	3212	<b>3454</b>
Guntur	Un-Ginned	NA	NA	<b>-</b>
Kurnool	Un-Ginned	NA	NA	<b>-</b>
Krishna	Un-Ginned	NA	NA	<b>-</b>
East Godavari	Un-Ginned	NA	NA	<b>-</b>
Abohar	J-34	850	680	<b>170</b>
Bhatinda	J-34	5100	5100	<b>Unch</b>
Sirsa	J-34	680	680	<b>Unch</b>

Mansa	J-34	170	170	Unch
Sri-Ganganagar	J-34	300	500	-200

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				04-Jan-16	02-Jan-16	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	32700	32700	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	33200	33200	Unch
J-34(202)	26mm	3.5 - 4.9	23	33600	33400	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33200	33200	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	33900	34000	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34300	34300	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35900	35900	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	48000	47700	300

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

Centre	Unit	Price		Change
		05-Jan-16	04-Jan-16	
Rajkot	Rs. /10 Kg.	575	585	-10
New Delhi	Rs. /10 Kg.	565	570	-5
Hyderabad	Rs. /10 Kg.	570	570	Unch
Mumbai	Rs. /10 Kg.	575	578	-3

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

Centre	Unit	Price		Change
		05-Jan-16	04-Jan-16	
Mahesana (Kadi)	Rs./Qtl	2099	2140	-41
Akola	Rs./Qtl	2072	2108	-36

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 05/01/2016**

Index	RMB/Ton	Change
CCIndex(328)	12923	NIL
CCIndex(527)	11860	-1
CCIndex(229)	13555	NIL

China Foreign Cotton (FC) Index : As on 31/12/2015		
Index	Cents/lb	Change
FC Index (S)	74.75	-0.29
FC Index (M)	71.26	-0.24
FC Index (L)	69.07	-0.43

Cotlook Index: As on 04/01/2016		
Cotlook Indices	Cents/Pound	Change
A-Index	69.95	-0.65

USDA Cotton Spot Rates: As on 04/01/2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	64.11	67.36	1058
North Delta	62.61	65.36	NIL
South Delta	62.61	65.36	NIL
East TX-OK	60.50	62.50	2172
West Texas	60.50	62.25	3778
Desert SW	59.61	65.86	NIL
SJ Valley	60.61	70.51	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 04/01/2016					
Contract	Open	High	Low	Close	Change
16-Mar	63.28	63.55	62.51	62.61	-0.67
16-May	64.17	64.30	63.35	63.47	-0.64
16-Jul	64.83	64.92	64.05	64.21	-0.58
16-Oct	63.93	63.93	63.93	63.93	-0.48
16-Dec	64.75	64.75	64.09	64.30	-0.42
17-Mar	64.90	64.90	64.90	64.90	-0.09

Pakistan Cotton Spot rates: As on 04/01/2016 (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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