

Domestic Fundamentals:

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

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 estimates released by ICAC, world cotton output will be around 22.89 million tons in season 2015-16, as compared to 23.11 million tons estimated in December. As the production figure is revised downwards, cotton prices are expected to rule higher. Hence ICAC is expecting Cotlook A Index to stand at 71 cents per pound as year average which was earlier estimated to be around 70 cents per pound.

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.

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	1.5	871	875.5	866.5	873	7710	-3513	20001	402

Spread	Feb-16	Apr-16
Spot	--	107
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 06 January 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-16	0	16510	16560	16450	16530	1234	-357	6668	-45
Feb-16	0	16720	16740	16640	16720	1246	73	8267	-34
Mar-16	-20	16900	16940	16850	16910	338	-87	1591	138
Apr-16	20	17080	17130	17060	17130	21	-1	134	13

Spread	Jan-16	Feb-16	Mar-16	Apr-16	--	--
Spot	--					
Jan-16		-190				
Feb-16			-190			
Mar-16				-220		
Apr-16						

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

* Updated at 4:45 pm on 06 January 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		06-Jan-16	05-Jan-16	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4575	4600	-25
Khandwa	Mech-1	4750	4800	-50
Khargaon	Mech-1	4750	4800	-50
	Kapas	(Rs./Qtl)		
Mahesana(Kadi)	B.T. Cotton	4900	4900	Unch
Rajkot	B.T. Cotton	4900	4880	20
Patan	B.T. Cotton	4835	4810	25
Deesa	B.T. Cotton	4625	4855	-230
Dhrol	B.T. Cotton	NA	4905	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4800	NR	-
Adampur	B.T. Cotton	4770	4900	-130
Fatehabad	B.T. Cotton	4750	4750	Unch
Dabwali	B.T. Cotton	4630	NR	-
Jind	B.T. Cotton	NR	4771	-
Uchana (Jind)	B.T. Cotton	4860	4840	20
Rawatsar (Hanumangarh)	B.T. Cotton	4800	4775	25
Hubli	B.T. Cotton	5161	5244	-83
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	4800	4775	25
	Kapas	(Rs./Qtl)		
Ahmedabad	Shankar-6	4900	4850	50
Gondal	Shankar-6	4930	4915	15
	Kapas	(Rs./Qtl)		
Bhiwani	Desi	4800	NR	-
Jamner (Jalgaon)	Medium Staple	4822	4825	-3
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4880	4900	-20
Adilabad	Un-Ginned	4530	4500	30
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	4100	-
East Godavari	Un-Ginned	4100	4100	Unch
	Lint	Rs./Maund (of 37.32 Kg each)		
Abohar	J-34	3585	3580	5
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3590	3605	-15
Sirsa	J-34	3590	3600	-10

Mansa	J-34	3580	3615	-35
Sri-Ganganagar	J-34	4900	4950	-50

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		06-Jan-15	05-Jan-15	
Amravati	Mech-1	18000	18000	Unch
Khandwa	Mech-1	2000	1200	800
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	45000	45000	Unch
Rajkot	B.T. Cotton	5300	5400	-100
Patan	B.T. Cotton	9880	10345	-465
Deesa	B.T. Cotton	1500	1525	-25
Dhrol	B.T. Cotton	NA	1034	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	200	NR	-
Adampur	B.T. Cotton	425	425	Unch
Fatehabad	B.T. Cotton	600	400	200
Dabwali	B.T. Cotton	225	NR	-
Jind	B.T. Cotton	NR	136	-
Uchana (Jind)	B.T. Cotton	500	600	-100
Rawatsar (Hanumangarh)	B.T. Cotton	200	500	-300
Hubli	B.T. Cotton	134	40	94
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	1000	2000	-1000
Ahmedabad	Shankar-6	51000	51000	Unch
Gondal	Shankar-6	438	4456	-4018
Bhiwani	Desi	200	NR	-
Jamner (Jalgaon)	Medium Staple	41	52	-11
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	1200	1230	-30
Adilabad	Un-Ginned	5367	6666	-1299
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	850	850	Unch
Bhatinda	J-34	5100	5100	Unch
Sirsa	J-34	850	680	170
Mansa	J-34	255	170	85

Sri-Ganganagar	J-34	300	300	Unch
----------------	------	-----	-----	------

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength / GPT	Rs. Per Candy		Change
				05-Jan-16	4-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	33400	33600	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33100	33200	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	33800	33900	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34200	34300	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35800	35900	-100
DCH-32(107)	34mm	3.0 - 3.8	33	48400	48000	400

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

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

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

Centre	Unit	Price		Change
		06-Jan-16	05-Jan-16	
Mahesana (Kadi)	Rs./Qtl	2088	2099	-11
Akola	Rs./Qtl	2079	2072	7

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 05/01/2016		
Index	RMB/Ton	Change
CCIndex(328)	12920	-3
CCIndex(527)	11856	-4
CCIndex(229)	13555	NIL

China Foreign Cotton (FC) Index : As on 05/01/2016

Index	Cents/lb	Change
FC Index (S)	73.90	-0.55
FC Index (M)	70.71	-0.55
FC Index (L)	68.50	-0.57

Cotlook Index: As on 05/01/2016

Cotlook Indices	Cents/Pound	Change
A-Index	69.40	-0.55

USDA Cotton Spot Rates: As on 05/01/2016

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	64.18	67.43	NIL
North Delta	62.68	65.43	342
South Delta	62.68	65.43	NIL
East TX-OK	60.50	62.50	1435
West Texas	60.25	62.00	3735
Desert SW	59.68	65.93	NIL
SJ Valley	60.68	70.58	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 05/01/2016

Contract	Open	High	Low	Close	Change
16-Mar	62.59	62.86	62.51	62.68	0.07
16-May	63.45	63.69	63.30	63.45	-0.02
16-Jul	64.12	64.26	63.99	64.17	-0.04
16-Oct	63.84	63.84	63.84	63.84	-0.09
16-Dec	64.20	64.30	64.08	64.26	-0.04
17-Mar	65.12	65.12	65.12	65.12	0.22

Pakistan Cotton Spot rates: As on 05/01/2016 (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

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2015 Indian Agribusiness Systems Pvt. Ltd.