

## Domestic Fundamentals:

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

**In The News:** Textile mills in Madhya Pradesh are suffering with high cost of production which has increased by around 10-15% this year which has reduced their profit margins and ultimately their share in global market by making them less competitive. Also the prices of cotton are rising due to the lagging supplies, which too affected the mills purchasing power and then the production capacity.

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.

### International Fundamentals:

Cotton production on the global front is likely to be around 22.89 million tons in season 2015-16, around 0.9% lower when compared to the estimates of previous month which was 23.11 million tons and around 13% lower when compared to the production estimates of previous season which was 26.33 million tons, according to the latest release by ICAC.

Australia, one of the major cotton importers in the world is expected to notice a remarkable rise in cotton production in the coming season. According to ICAC, cotton acreage in Australia is likely to increase by two fold to 3 lakh hectares and production is expected to rise by around 11%.

Cotton production in USA is likely to be around 13 million bales (of 480 pound each) in the current season that is 2015-16, said the private analytics firm Informa Economics. The current projection is slightly higher than the estimates of December, which was 12.9 million bales, but the same is still low as compared to the official estimates of U.S. Government which is 13.03 million bales.

### 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	-5.5	867	872	857.5	861.5	7731	21	18132	-1869

  

Spread	Feb-16	Apr-16
Spot	--	117.5
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 07 January 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-16	-60	16400	16470	16330	16390	2336	1102	6211	-457
Feb-16	-80	16590	16660	16500	16560	2228	982	8745	478
Mar-16	-100	16770	16840	16680	16740	329	-9	1753	162
Apr-16	-140	17020	17030	16900	16930	37	16	155	21

  

Spread	Jan-16	Feb-16	Mar-16	Apr-16	--	--
Spot	--					
Jan-16		-170				
Feb-16			-180			
Mar-16				-190		
Apr-16						

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

\* Updated at 4:45 pm on 07 January 2016

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

Centre	Variety	Prices		Change
		07-Jan-16	06-Jan-16	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4560	4575	<b>-15</b>
Khandwa	Mech-1	4750	4750	<b>Unch</b>
Khargaon	Mech-1	4750	4750	<b>Unch</b>
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Mahesana(Kadi)	B.T. Cotton	4900	4900	<b>Unch</b>
Rajkot	B.T. Cotton	4895	4900	<b>-5</b>
Patan	B.T. Cotton	4835	4835	<b>Unch</b>
Deesa	B.T. Cotton	4650	4625	<b>25</b>
Dhrol	B.T. Cotton	4925	NA	<b>-</b>
Muktsar	B.T. Cotton	NA	NA	<b>-</b>
Fazilika	B.T. Cotton	NA	NA	<b>-</b>
Bhiwani	B.T. Cotton	4800	4800	<b>Unch</b>
Adampur	B.T. Cotton	4780	4770	<b>10</b>
Fatehabad	B.T. Cotton	4715	4750	<b>-35</b>
Dabwali	B.T. Cotton	4600	4630	<b>-30</b>
Jind	B.T. Cotton	NR	NR	<b>-</b>
Uchana (Jind)	B.T. Cotton	4787	4860	<b>-73</b>
Rawatsar (Hanumangarh)	B.T. Cotton	4650	4640	<b>10</b>
Hubli	B.T. Cotton	NA	5161	<b>-</b>
Hathras	B.T. Cotton(US)	4950	NA	<b>-</b>
Hanumangarh	B.T. Cotton	4800	4800	<b>Unch</b>
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Ahmedabad	Shankar-6	4850	4900	<b>-50</b>
Gondal	Shankar-6	4920	4930	<b>-10</b>
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Bhiwani	Desi	4800	4800	<b>Unch</b>
Jamner (Jalgaon)	Medium Staple	4815	4822	<b>-7</b>
Hathras	Desi	4850	NA	<b>-</b>
Bijapur	Bunny	NA	NA	<b>-</b>
Hubli	D.C.H.	NA	NA	<b>-</b>
Raichur	H-44 Cotton	NA	4880	<b>-</b>
Adilabad	Un-Ginned	4480	4530	<b>-50</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	4100	4100	<b>Unch</b>
	<b>Lint</b>	<b>Rs./Maund (of 37.32 Kg each)</b>		
Abohar	J-34	3580	3585	<b>-5</b>
Muktsar	J-34	NA	NA	<b>-</b>
Fazilika	J-34	NA	NA	<b>-</b>
Bhatinda	J-34	3580	3590	<b>-10</b>
Sirsa	J-34	3580	3590	<b>-10</b>

Mansa	J-34	3580	3580	Unch
Sri-Ganganagar	J-34	4750	4900	-150

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		07-Jan-15	06-Jan-15	
Amravati	Mech-1	20000	18000	2000
Khandwa	Mech-1	2000	2000	Unch
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	50000	45000	5000
Rajkot	B.T. Cotton	4600	5300	-700
Patan	B.T. Cotton	10035	9880	155
Deesa	B.T. Cotton	2375	1500	875
Dhrol	B.T. Cotton	867	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	200	200	Unch
Adampur	B.T. Cotton	425	425	Unch
Fatehabad	B.T. Cotton	450	600	-150
Dabwali	B.T. Cotton	100	225	-125
Jind	B.T. Cotton	NR	NR	-
Uchana (Jind)	B.T. Cotton	400	500	-100
Rawatsar (Hanumangarh)	B.T. Cotton	100	200	-100
Hubli	B.T. Cotton	NA	134	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	1200	1000	200
Ahmedabad	Shankar-6	51000	51000	Unch
Gondal	Shankar-6	4015	438	3577
Bhiwani	Desi	NA	NA	-
Jamner (Jalgaon)	Medium Staple	30	41	-11
Hathras	Desi	35	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	1200	-
Adilabad	Un-Ginned	4578	5367	-789
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	1020	850	170
Bhatinda	J-34	4250	5100	-850
Sirsa	J-34	680	850	-170
Mansa	J-34	340	255	85

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

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				06-Jan-16	5-Jan-16	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	32500	32700	-200
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	33000	33200	-200
J-34(202)	26mm	3.5 - 4.9	23	33200	33400	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33000	33100	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	33700	33800	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34100	34200	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35700	35800	-100
DCH-32(107)	34mm	3.0 - 3.8	33	48800	48400	400

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

Centre	Unit	Price		Change
		07-Jan-16	06-Jan-16	
Rajkot	Rs. /10 Kg.	570	575	-5
New Delhi	Rs. /10 Kg.	558	565	-7
Hyderabad	Rs. /10 Kg.	565	565	Unch
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
		07-Jan-16	06-Jan-16	
Mahesana (Kadi)	Rs./Qtl	2108	2088	20
Akola	Rs./Qtl	2094	2079	15

**INTERNATIONAL PRICES AND INDICES**

China Cotton Index: As on 06/01/2016		
Index	RMB/Ton	Change
CCIndex(328)	12920	-1
CCIndex(527)	11856	-1
CCIndex(229)	13555	-6

**China Foreign Cotton (FC) Index : As on 06/01/2016**

Index	Cents/lb	Change
FC Index (S)	73.90	-0.00
FC Index (M)	70.71	-0.00
FC Index (L)	68.50	-0.00

**Cotlook Index: As on 05/01/2016**

Cotlook Indices	Cents/Pound	Change
A-Index	69.50	0.10

**USDA Cotton Spot Rates: As on 06/01/2016**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	63.50	66.75	319
North Delta	62.25	65.00	352
South Delta	62.25	65.00	NIL
East TX-OK	59.75	61.75	443
West Texas	59.50	61.25	4038
Desert SW	59.00	65.25	NIL
SJ Valley	60.00	69.90	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 06/01/2016**

Contract	Open	High	Low	Close	Change
16-Mar	62.61	62.68	61.86	62.00	-0.68
16-May	63.41	63.42	62.55	62.75	-0.70
16-Jul	64.13	64.14	63.21	63.48	-0.69
16-Oct	63.19	63.19	63.19	63.19	-0.65
16-Dec	64.00	64.00	63.35	63.63	-0.63
17-Mar	64.54	64.54	64.54	64.54	-0.58

**Pakistan Cotton Spot rates: As on 06/01/2016 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5300	135	5435
Equivalent	40 Kgs	5680	145	5825

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