

## Domestic Fundamentals:

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

**In The News:** Textile mills in Madhya Pradesh are suffering with high cost of production which is increased by around 10-15% this year and which has reduced their profit margins, 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	-1	863	867	862	863	4907	-2824	17921	-211

  

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 5:25 pm on 08 January 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-16	-30	16350	16390	16300	16320	1065	-1271	6184	-27
Feb-16	-30	16530	16570	16470	16500	1252	-976	9399	654
Mar-16	-30	16730	16730	16630	16680	176	-153	1821	68
Apr-16	-30	16910	16910	16850	16850	20	-17	180	25

  

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

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

\* Updated at 5:25 pm on 08 January 2016

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

Centre	Variety	Prices		Change
		08-Jan-16	07-Jan-16	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4550	4560	-10
Khandwa	Mech-1	4700	4750	-50
Khargaon	Mech-1	4700	4750	-50
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4875	4900	-25
Rajkot	B.T. Cotton	4950	4895	55
Patan	B.T. Cotton	4825	4835	-10
Deesa	B.T. Cotton	4685	4650	35
Dhrol	B.T. Cotton	4890	4925	-35
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4900	4800	100
Adampur	B.T. Cotton	4800	4780	20
Fatehabad	B.T. Cotton	4700	4715	-15
Dabwali	B.T. Cotton	4638	4600	38
Jind	B.T. Cotton	NR	NR	-
Uchana (Jind)	B.T. Cotton	4799	4787	12
Rawatsar (Hanumangarh)	B.T. Cotton	4610	4650	-40
Hubli	B.T. Cotton	5061	5089	-28
Hathras	B.T. Cotton(US)	NA	4950	-
Hanumangarh	B.T. Cotton	4800	4800	Unch
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4900	4850	50
Gondal	Shankar-6	4760	4920	-160
	<b>Kapas</b>			
Bhiwani	Desi	4800	4800	Unch
Jamner (Jalgaon)	Medium Staple	NA	4815	-
Hathras	Desi	NA	4850	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4870	4900	-30
Adilabad	Un-Ginned	4430	4480	-50
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	4100	4100	Unch
	<b>Lint</b>			
Abohar	J-34	3570	3580	-10
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3570	3580	-10
Sirsa	J-34	3560	3580	-20

Mansa	J-34	3570	3580	-10
Sri-Ganganagar	J-34	4850	4750	100

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (Qtl)		Change
		08-Jan-15	07-Jan-15	
Amravati	Mech-1	20000	20000	Unch
Khandwa	Mech-1	2000	2000	Unch
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	40000	50000	-10000
Rajkot	B.T. Cotton	4000	4600	-600
Patan	B.T. Cotton	8795	10035	-1240
Deesa	B.T. Cotton	1225	2375	-1150
Dhrol	B.T. Cotton	1014	867	147
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	150	200	-50
Adampur	B.T. Cotton	425	425	Unch
Fatehabad	B.T. Cotton	350	450	-100
Dabwali	B.T. Cotton	50	100	-50
Jind	B.T. Cotton	NR	NR	-
Uchana (Jind)	B.T. Cotton	325	400	-75
Rawatsar (Hanumangarh)	B.T. Cotton	100	100	Unch
Hubli	B.T. Cotton	20	190	-170
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	1500	1200	300
Ahmedabad	Shankar-6	51000	51000	Unch
Gondal	Shankar-6	9378	4015	5363
Bhiwani	Desi	150	NA	-
Jamner (Jalgaon)	Medium Staple	NA	30	-
Hathras	Desi	NA	35	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	1132	1012	120
Adilabad	Un-Ginned	4154	4578	-424
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	1020	-340
Bhatinda	J-34	4250	4250	Unch
Sirsa	J-34	510	680	-170
Mansa	J-34	340	340	Unch
Sri-Ganganagar	J-34	400	500	-100

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				06-Jan-16	5-Jan-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	32500	32700	-200
Bengal Deshi (SG)(201)	Below 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	07-Jan-16	
Rajkot	Rs. /10 Kg.	570	570	Unch
New Delhi	Rs. /10 Kg.	558	558	Unch
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	07-Jan-16	
Mahesana (Kadi)	Rs./Qtl	2110	2108	2
Akola	Rs./Qtl	2093	2094	-1

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 06/01/2016**

Index	RMB/Ton	Change
CCIndex(328)	12796	-123
CCIndex(527)	11855	NIL
CCIndex(229)	13418	-131

**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	68.90	-0.60

**USDA Cotton Spot Rates: As on 07/01/2016**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.93	66.18	NIL
North Delta	61.68	64.43	NIL
South Delta	61.68	64.43	NIL
East TX-OK	59.25	61.25	1395
West Texas	59.00	60.75	5757
Desert SW	58.43	64.68	87
SJ Valley	59.43	69.33	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 07/01/2016**

Contract	Open	High	Low	Close	Change
16-Mar	61.91	62.19	61.21	61.43	-0.57
16-May	62.75	62.84	61.99	62.12	-0.63
16-Jul	63.41	63.44	62.72	62.86	-0.62
16-Oct	62.56	62.56	62.56	62.56	-0.63
16-Dec	63.52	63.55	62.75	62.97	-0.66
17-Mar	64.00	64.42	63.90	63.90	-0.64

**Pakistan Cotton Spot rates: As on 07/01/2016 (in Pakistan Rupees)**

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5300	135	5485
Equivalent	40 Kgs	5734	145	5879

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