

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed mostly weak tone on Monday.

In The News: India exported 2.79 lakh bales of cotton last week (28 Dec-03 Jan 2016), which was 3.59 lakh bales previous to last week (21 Dec-27 Dec 2015), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.062 lakh bales last week, which was 0.067 lakh bales previous to last week.

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.

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	-15	856	856	836	842	12402	7495	15987	-1934
Spread	Feb-16		Apr-16						
Spot	--		135						
Feb-16	--		--						

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

*Updated at 5:00 pm on 11 January 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-16	-20	16230	16240	16050	16190	2976	1911	5842	-342
Feb-16	-40	16400	16400	16210	16330	3191	1939	9580	181
Mar-16	-20	16550	16580	16410	16520	1052	876	2190	369
Apr-16	-120	16680	16750	16610	16750	78	58	181	1
Spread	Jan-16	Feb-16	Mar-16	Apr-16					
Spot	--								
Jan-16		-140							
Feb-16			-190						
Mar-16				-230					
Apr-16									

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

* Updated at 5:00 pm on 11 January 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		11-Jan-16	9-Jan-16	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4525	4550	-25
Khandwa	Mech-1	4650	NA	-
Khargaon	Mech-1	4650	NA	-
	Kapas	(Rs./Qtl)		
Mahesana(Kadi)	B.T. Cotton	4750	4800	-50
Rajkot	B.T. Cotton	4885	4890	-5
Patan	B.T. Cotton	4800	4810	-10
Deesa	B.T. Cotton	4630	4650	-20
Dhrol	B.T. Cotton	4815	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NR	4900	-
Adampur	B.T. Cotton	4740	4790	-50
Fatehabad	B.T. Cotton	4675	4675	Unch
Dabwali	B.T. Cotton	4570	4630	-60
Jind	B.T. Cotton	4760	NA	-
Uchana (Jind)	B.T. Cotton	4749	4785	-36
Rawatsar (Hanumangarh)	B.T. Cotton	4700	NA	-
Hubli	B.T. Cotton	5099	5134	-35
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	4700	4850	-150
	Kapas	(Rs./Qtl)		
Ahmedabad	Shankar-6	4800	4800	Unch
Gondal	Shankar-6	4965	4975	-10
	Kapas	(Rs./Qtl)		
Bhiwani	Desi	NR	4800	-
Jamner (Jalgaon)	Medium Staple	4760	4785	-25
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	4800	-
Adilabad	Un-Ginned	4400	4450	-50
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	4100	-
	Lint	Rs./Maund (of 37.32 Kg each)		
Abohar	J-34	3575	3570	5
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3575	3570	5
Sirsa	J-34	3555	3550	5

Mansa	J-34	NA	3570	-
Sri-Ganganagar	J-34	4650	4700	-50

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		11-Jan-16	9-Jan-16	
Amravati	Mech-1	20000	20000	Unch
Khandwa	Mech-1	2000	NA	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	45000	40000	5000
Rajkot	B.T. Cotton	5400	4400	1000
Patan	B.T. Cotton	9405	9336	69
Deesa	B.T. Cotton	1700	900	800
Dhrol	B.T. Cotton	1157	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NR	150	-
Adampur	B.T. Cotton	340	340	Unch
Fatehabad	B.T. Cotton	250	350	-100
Dabwali	B.T. Cotton	100	50	50
Jind	B.T. Cotton	85	NR	-
Uchana (Jind)	B.T. Cotton	450	400	50
Rawatsar (Hanumangarh)	B.T. Cotton	200	Closed	-
Hubli	B.T. Cotton	62	72	-10
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	2000	1000	1000
Ahmedabad	Shankar-6	68000	51000	17000
Gondal	Shankar-6	4437	7419	-2982
Bhiwani	Desi	NR	150	-
Jamner (Jalgaon)	Medium Staple	32	30	2
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	885	-
Adilabad	Un-Ginned	NA	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	850	680	170
Bhatinda	J-34	4250	4250	Unch
Sirsa	J-34	850	850	Unch
Mansa	J-34	NA	340	-

Sri-Ganganagar	J-34	300	100	200
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Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				9-Jan-16	8-Jan-16	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	32200	32200	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	32700	32700	Unch
J-34(202)	26mm	3.5 - 4.9	23	33000	33000	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32900	32900	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	33600	33600	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34000	34000	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35600	35600	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	49200	49200	Unch

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

Centre	Unit	Price		Change
		11-Jan-16	09-Jan-16	
Rajkot	Rs. /10 Kg.	573	570	3
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
		11-Jan-16	09-Jan-16	
Mahesana (Kadi)	Rs./Qtl	2063	Closed	-
Akola	Rs./Qtl	2068	Closed	-

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 11/01/2016		
Index	RMB/Ton	Change
CCIndex(328)	12773	-23
CCIndex(527)	11855	NIL
CCIndex(229)	13337	-81

China Foreign Cotton (FC) Index : As on 07/01/2016

Index	Cents/lb	Change
FC Index (S)	73.01	-0.35
FC Index (M)	69.74	-0.48
FC Index (L)	67.34	-0.58

Cotlook Index: As on 08/01/2016

Cotlook Indices	Cents/Pound	Change
A-Index	68.50	-0.40

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	62.90	66.15	248
North Delta	61.65	64.40	153
South Delta	61.65	64.40	NIL
East TX-OK	59.00	61.00	2552
West Texas	59.00	60.75	5138
Desert SW	58.40	64.65	NIL
SJ Valley	59.40	69.30	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 08/01/2016

Contract	Open	High	Low	Close	Change
16-Mar	61.52	61.9	61.31	61.40	-0.03
16-May	62.18	62.47	61.98	62.06	-0.06
16-Jul	62.85	63.2	62.7	62.80	-0.06
16-Oct	62.49	62.49	62.49	62.49	-0.07
16-Dec	62.93	63.19	62.77	62.95	-0.02
17-Mar	63.94	63.94	63.86	63.86	-0.04

Pakistan Cotton Spot rates: As on 09/01/2016 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5350	135	5485
Equivalent	40 Kgs	5734	145	5879

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