

### Domestic Fundamentals:

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

**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	-5	840	842	827	834	10489	-1913	16478	491
Spread	Feb-16		Apr-16						
Spot	--		133						
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 11 January 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-16	20	16200	16210	16090	16210	1426	-1550	5595	-247
Feb-16	10	16360	16370	16240	16350	1363	-1828	10045	465
Mar-16	0	16550	16550	16410	16540	408	-644	2145	-45
Apr-16	-40	16610	16710	16610	16710	11	-67	185	4
Spread	Jan-16	Feb-16	Mar-16	Apr-16					
Spot	--								
Jan-16		-140							
Feb-16			-190						
Mar-16				-170					
Apr-16									

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

\* Updated at 4:45 pm on 11 January 2016

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

Centre	Variety	Prices		Change
		12-Jan-16	11-Jan-16	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4471	4525	<b>-54</b>
Khandwa	Mech-1	4700	4650	<b>50</b>
Khargaon	Mech-1	4700	4650	<b>50</b>
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4700	4750	<b>-50</b>
Rajkot	B.T. Cotton	4835	4885	<b>-50</b>
Patan	B.T. Cotton	4735	4800	<b>-65</b>
Deesa	B.T. Cotton	Closed	4630	-
Dhrol	B.T. Cotton	4740	4815	<b>-75</b>
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NR	NR	-
Adampur	B.T. Cotton	4650	4740	<b>-90</b>
Fatehabad	B.T. Cotton	4675	4675	<b>Unch</b>
Dabwali	B.T. Cotton	4505	4570	<b>-65</b>
Jind	B.T. Cotton	4775	4760	<b>15</b>
Uchana (Jind)	B.T. Cotton	4690	4749	<b>-59</b>
Rawatsar (Hanumangarh)	B.T. Cotton	4550	4600	<b>-50</b>
Hubli	B.T. Cotton	5010	5099	<b>-89</b>
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	4650	4700	<b>-50</b>
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4800	4800	<b>Unch</b>
Gondal	Shankar-6	4830	4965	<b>-135</b>
	<b>Kapas</b>			
Bhiwani	Desi	NR	NR	-
Jamner (Jalgaon)	Medium Staple	4725	4760	<b>-35</b>
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	NA	-
Adilabad	Un-Ginned	4460	4400	<b>60</b>
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	4100	4100	<b>Unch</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	3545	3575	<b>-30</b>
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3560	3575	<b>-15</b>
Sirsa	J-34	3530	3555	<b>-25</b>

Mansa	J-34	3560	NA	-
Sri-Ganganagar	J-34	4650	4650	Unch

**Cotton Arrivals in Key Centers:**

Centre	Variety	Arrivals (In Quintal)		Change
		12-Jan-16	11-Jan-16	
Amravati	Mech-1	20000	20000	Unch
Khandwa	Mech-1	1200	2000	-800
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	50000	45000	5000
Rajkot	B.T. Cotton	5400	5400	Unch
Patan	B.T. Cotton	6920	9405	-2485
Deesa	B.T. Cotton	Closed	1700	-
Dhrol	B.T. Cotton	1194	1157	37
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NR	NR	-
Adampur	B.T. Cotton	340	340	Unch
Fatehabad	B.T. Cotton	400	250	150
Dabwali	B.T. Cotton	50	100	-50
Jind	B.T. Cotton	153	85	68
Uchana (Jind)	B.T. Cotton	500	450	50
Rawatsar (Hanumangarh)	B.T. Cotton	300	200	100
Hubli	B.T. Cotton	64	62	2
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	1500	2000	-500
Ahmedabad	Shankar-6	51000	68000	-17000
Gondal	Shankar-6	4821	4437	384
Bhiwani	Desi	NR	NR	-
Jamner (Jalgaon)	Medium Staple	25	32	-7
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	NA	-
Adilabad	Un-Ginned	7519	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	850	Unch
Bhatinda	J-34	4250	4250	Unch
Sirsa	J-34	850	850	Unch
Mansa	J-34	340	NA	-

Sri-Ganganagar	J-34	600	300	300
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**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				11-Jan-16	9-Jan-16	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	31600	32200	-600
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	32100	32700	-600
J-34(202)	26mm	3.5 - 4.9	23	32800	33000	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32700	32900	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	33500	33600	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34100	34000	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35500	35600	-100
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
		12-Jan-16	11-Jan-16	
Rajkot	Rs. /10 Kg.	568	573	-5
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
		12-Jan-16	11-Jan-16	
Mahesana (Kadi)	Rs./Qtl	1996	2063	-67
Akola	Rs./Qtl	2023	2068	-45

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 12/01/2016**

Index	RMB/Ton	Change
CCIndex(328)	12767	-6
CCIndex(527)	11855	NIL
CCIndex(229)	13316	-21

**China Foreign Cotton (FC) Index : As on 11/01/2016**

Index	Cents/lb	Change
FC Index (S)	73.01	Unch
FC Index (M)	69.74	Unch
FC Index (L)	67.34	Unch

**Cotlook Index: As on 11/01/2016**

Cotlook Indices	Cents/Pound	Change
A-Index	68.50	Unch

**USDA Cotton Spot Rates: As on 11/01/2016**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	63.00	66.25	NIL
North Delta	61.75	64.50	NIL
South Delta	61.75	64.50	NIL
East TX-OK	59.25	61.25	3682
West Texas	59.25	61.00	9845
Desert SW	58.50	64.75	200
SJ Valley	59.50	69.40	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 11/01/2016**

Contract	Open	High	Low	Close	Change
16-Mar	61.40	62.28	61.15	61.50	0.10
16-May	62.05	62.82	61.81	61.96	-0.10
16-Jul	62.90	63.45	62.51	62.64	-0.16
16-Oct	62.29	62.29	62.29	62.29	-0.20
16-Dec	62.89	63.50	62.60	62.76	-0.19
17-Mar	63.67	64.27	63.58	63.67	-0.19

**Pakistan Cotton Spot rates: As on 11/01/2016 (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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