

Domestic Fundamentals:

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

In The News: Cotton ending stocks in India is likely to go down by around 13.5% this year as compared to the previous year. According to USDA, cotton stocks would stand around 2.54 million tons by the end of season 2015-16 as compared to 2.93 million tons previous season.

Cotton consumption in India is likely to be around 5.443 million tons in season 2015-16, which was estimated to be around 5.50 million tons a month earlier. Although the consumption figures has been revised downward this month by USDA, the same would be standing around 2% higher as compared to the previous year's consumption of 5.33 million tons.

India is likely to export 1.26 million tons (around 74.29 lakh bales of 170 kg each) of cotton in season 2015-16, around 9% higher than the estimates of previous month and around 38.2% higher as compared to 0.91 (around 53.76 lakh bales) million tons, the volume it exported in the previous season, according to USDA.

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.

International Fundamentals:

World cotton production has been slashed down further to 22.11 million tons around 2.08% lower as compared to 22.58 million tons estimated in December. Considering the current estimates, cotton production would be around 14.7% lower this season as compared to the output of previous season which was 25.94 million tons.

Cotton ending stocks during the season 2015-16 are expected to be around 22.39 million tons, around 1.5% lower when compared to the estimates of previous month and around 8.2% lower as compared to the ending stocks of 24.4 million tons in the season 2014-15, according to USDA.

USDA has revised the world cotton exports estimated upwards. According to USDA, cotton exports in the current season would be around 7.84 million tons, around 2% higher when compared to the estimates of previous month. As compared to the previous season too, the export are expected be on the higher side by around 1.9% this year, against the exports of 7.70 million tons in previous season, said USDA.

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	840	848.5	835.5	846.5	6907	-3582	17312	834

Spread	Feb-16	Apr-16
Spot	--	110.5
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 13 January 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-16	80	16210	16340	16180	16330	1411	-15	5563	-32
Feb-16	50	16380	16470	16340	16460	1521	158	10263	218
Mar-16	40	16540	16640	16520	16640	511	103	2526	381
Apr-16	40	16740	16800	16740	16800	3	-8	199	14

Spread	Jan-16	Feb-16	Mar-16	Apr-16	--	--
Spot	--					
Jan-16		-130				
Feb-16			-180			
Mar-16				-160		
Apr-16						

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

* Updated at 4:45 pm on 13 January 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		13-Jan-16	12-Jan-16	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4500	4471	29
Khandwa	Mech-1	4700	4700	Unch
Khargaon	Mech-1	4700	4700	Unch
	Kapas	(Rs./Qtl)		
Mahesana(Kadi)	B.T. Cotton	4750	4700	50
Rajkot	B.T. Cotton	4785	4835	-50
Patan	B.T. Cotton	4745	4735	10
Deesa	B.T. Cotton	4575	Closed	-
Dhrol	B.T. Cotton	NA	4740	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NR	NR	-
Adampur	B.T. Cotton	4650	4650	Unch
Fatehabad	B.T. Cotton	4625	4675	-50
Dabwali	B.T. Cotton	Closed	4505	-
Jind	B.T. Cotton	4825	4775	50
Uchana (Jind)	B.T. Cotton	4735	4690	45
Rawatsar (Hanumangarh)	B.T. Cotton	4565	4550	15
Hubli	B.T. Cotton	4959	5010	-51
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	4600	4650	-50
	Kapas	(Rs./Qtl)		
Ahmedabad	Shankar-6	4800	4800	Unch
Gondal	Shankar-6	4805	4830	-25
	Kapas	(Rs./Qtl)		
Bhiwani	Desi	NR	NR	-
Jamner (Jalgaon)	Medium Staple	4650	4725	-75
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4800	4700	100
Adilabad	Un-Ginned	4460	4460	Unch
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	4100	-
East Godavari	Un-Ginned	4000	4100	-100
	Lint	Rs./Maund (of 37.32 Kg each)		
Abohar	J-34	3550	3545	5
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3550	3560	-10
Sirsa	J-34	3520	3530	-10

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

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		13-Jan-16	12-Jan-16	
Amravati	Mech-1	15500	20000	-4500
Khandwa	Mech-1	1200	1200	Unch
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	40000	50000	-10000
Rajkot	B.T. Cotton	5600	5400	200
Patan	B.T. Cotton	4025	6920	-2895
Deesa	B.T. Cotton	650	Closed	-
Dhrol	B.T. Cotton	NA	1194	-
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	250	400	-150
Dabwali	B.T. Cotton	Closed	50	-
Jind	B.T. Cotton	136	153	-17
Uchana (Jind)	B.T. Cotton	400	500	-100
Rawatsar (Hanumangarh)	B.T. Cotton	700	300	400
Hubli	B.T. Cotton	32	64	-32
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	1000	1500	-500
Ahmedabad	Shankar-6	51000	51000	Unch
Gondal	Shankar-6	3885	4821	-936
Bhiwani	Desi	Closed	NR	-
Jamner (Jalgaon)	Medium Staple	20	25	-5
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	600	697	-97
Adilabad	Un-Ginned	5290	7519	-2229
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	9	NA	-
Abohar	J-34	510	850	-340
Bhatinda	J-34	2550	4250	-1700
Sirsa	J-34	510	850	-340
Mansa	J-34	Closed	340	-

Sri-Ganganagar	J-34	500	600	-100
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Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				12-Jan-16	11-Jan-16	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	31300	31600	-300
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	31800	32100	-300
J-34(202)	26mm	3.5 - 4.9	23	32600	32800	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32700	32700	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	33400	33500	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34100	34100	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35500	35500	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
		13-Jan-16	12-Jan-16	
Rajkot	Rs. /10 Kg.	570	568	2
New Delhi	Rs. /10 Kg.	560	558	2
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
		13-Jan-16	12-Jan-16	
Mahesana (Kadi)	Rs./Qtl	2063	1996	67
Akola	Rs./Qtl	2028	2023	5

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 13/01/2016		
Index	RMB/Ton	Change
CCIndex(328)	12762	-5
CCIndex(527)	11827	-28
CCIndex(229)	13313	-3

China Foreign Cotton (FC) Index : As on 13/01/2016

Index	Cents/lb	Change
FC Index (S)	72.93	-0.02
FC Index (M)	69.50	-0.12
FC Index (L)	66.91	-0.29

Cotlook Index: As on 12/01/2016

Cotlook Indices	Cents/Pound	Change
A-Index	68.50	Unch

USDA Cotton Spot Rates: As on 12/01/2016

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	63.09	66.34	520
North Delta	61.84	64.59	NIL
South Delta	61.84	64.59	NIL
East TX-OK	59.00	61.00	6370
West Texas	59.50	61.25	17330
Desert SW	58.59	64.84	168
SJ Valley	59.59	69.49	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 12/01/2016

Contract	Open	High	Low	Close	Change
16-Mar	61.50	62.28	61.45	61.59	0.09
16-May	61.93	62.72	61.91	62.16	0.20
16-Jul	62.65	63.31	62.56	62.78	0.14
16-Oct	62.42	62.42	62.42	62.42	0.13
16-Dec	62.78	63.25	62.73	62.86	0.10
17-Mar	63.78	63.78	63.78	63.78	0.11

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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