

Domestic Fundamentals:

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

In The News: India exported 4.076 lakh bales of cotton last week (03 Jan-10 Jan 2016), which was 2.793 lakh bales previous to last week (28 Dec-03 Jan 2016), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.069 lakh bales last week, which was 0.062 lakh bales previous to last week.

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.

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	-12.5	847	847	830	834.5	7018	111	17002	-310
Spread	Feb-16		Apr-16						
Spot	--		122.5						
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 14 January 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-16	-60	16370	16370	16280	16300	1199	-212	5217	-346
Feb-16	-60	16510	16510	16410	16430	1138	-383	10497	234
Mar-16	-70	16660	16680	16600	16600	422	-89	2687	161
Apr-16	10	16840	16860	16810	16850	10	7	216	17
Spread	Jan-16	Feb-16	Mar-16	Apr-16	--	--			
Spot	--								
Jan-16		-130							
Feb-16			-170						
Mar-16				-250					
Apr-16									

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

* Updated at 4:45 pm on 14 January 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		14-Jan-16	13-Jan-16	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4550	4500	50
Khandwa	Mech-1	4700	4700	Unch
Khargaon	Mech-1	4700	4700	Unch
	Kapas	(Rs./Qtl)		
Mahesana(Kadi)	B.T. Cotton	4600	4750	-150
Rajkot	B.T. Cotton	Closed	4785	-
Patan	B.T. Cotton	Closed	4745	-
Deesa	B.T. Cotton	Closed	4575	-
Dhrol	B.T. Cotton	NR	NR	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NR	NR	-
Adampur	B.T. Cotton	4700	4650	50
Fatehabad	B.T. Cotton	4700	4625	75
Dabwali	B.T. Cotton	Closed	Closed	-
Jind	B.T. Cotton	4799	4825	-26
Uchana (Jind)	B.T. Cotton	4721	4735	-14
Rawatsar (Hanumangarh)	B.T. Cotton	4600	4565	35
Hubli	B.T. Cotton	4719	4959	-240
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	Closed	4600	-
	Kapas	(Rs./Qtl)		
Ahmedabad	Shankar-6	Closed	4800	-
Gondal	Shankar-6	Closed	4805	-
	Kapas	(Rs./Qtl)		
Bhiwani	Desi	NR	NR	-
Jamner (Jalgaon)	Medium Staple	NA	4650	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4700	4800	-100
Adilabad	Un-Ginned	4460	4460	Unch
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	4000	-
	Lint	Rs./Maund (of 37.32 Kg each)		
Abohar	J-34	Closed	3550	-
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3560	3550	-
Sirsa	J-34	3530	3520	10

Mansa	J-34	Closed	Closed	10
Sri-Ganganagar	J-34	4750	4650	-

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		14-Jan-16	13-Jan-16	
Amravati	Mech-1	16000	15500	500
Khandwa	Mech-1	1200	1200	Unch
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	NA	40000	-
Rajkot	B.T. Cotton	Closed	5600	-
Patan	B.T. Cotton	Closed	4025	-
Deesa	B.T. Cotton	Closed	650	-
Dhrol	B.T. Cotton	NA	NA	-
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	200	250	-50
Dabwali	B.T. Cotton	Closed	Closed	-
Jind	B.T. Cotton	12	136	-124
Uchana (Jind)	B.T. Cotton	90	400	-310
Rawatsar (Hanumangarh)	B.T. Cotton	Closed	700	-
Hubli	B.T. Cotton	8	32	-24
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	Closed	1000	-
Ahmedabad	Shankar-6	Closed	51000	-
Gondal	Shankar-6	Closed	3885	-
Bhiwani	Desi	NR	Closed	-
Jamner (Jalgaon)	Medium Staple	NA	20	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	232	600	-368
Adilabad	Un-Ginned	4400	5290	-890
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	9	-
Abohar	J-34	Closed	510	-
Bhatinda	J-34	2550	2550	Unch
Sirsa	J-34	340	510	-170
Mansa	J-34	Closed	Closed	-

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

Trade Name	Staple	Micronaire	Strength / GPT	Rs. Per Candy		Change
				13-Jan-16	12-Jan-16	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	31300	31300	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	31800	31800	Unch
J-34(202)	26mm	3.5 - 4.9	23	32700	32600	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32700	32700	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	33400	33400	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34200	34100	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35500	35500	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	49500	49200	300

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

Centre	Unit	Price		Change
		14-Jan-16	13-Jan-16	
Rajkot	Rs. /10 Kg.	Closed	570	-
New Delhi	Rs. /10 Kg.	562	560	2
Hyderabad	Rs. /10 Kg.	Closed	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
		14-Jan-16	13-Jan-16	
Mahesana (Kadi)	Rs./Qtl	2063	2063	Unch
Akola	Rs./Qtl	2062	2028	34

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 14/01/2016

Index	Cents/lb	Change
FC Index (S)	73.54	0.41
FC Index (M)	70.15	0.55
FC Index (L)	67.47	0.56

Cotlook Index: As on 13/01/2016

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 13/01/2016

Contract	Open	High	Low	Close	Change
16-Mar	61.50	62.43	61.50	62.14	0.55
16-May	62.07	62.87	62.06	62.60	0.44
16-Jul	62.65	63.36	62.64	63.09	0.31
16-Oct	62.60	62.60	62.60	62.60	0.18
16-Dec	62.75	63.25	62.75	63.09	0.23
17-Mar	63.82	63.96	63.76	63.96	0.18

Pakistan Cotton Spot rates: As on 12/01/2016 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5400	135	5535
Equivalent	40 Kgs	5787	145	5932

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