

Domestic Fundamentals:

Market Outlook: Most of the market remained closed following “Makar Sankranti”.

In The News: According to the latest estimates by Cotton Advisory Board (CAB), India is likely to export 68 lakh bales of cotton in season 2015-16, around 18% higher when compared to the exports of previous season which was 57.7 lakh bales.

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.

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:

Pakistan is likely to import around 588 thousand tons of cotton in 2015-16, around 35% higher as compared to the estimates of previous month i.e. 435 thousand tons and more than triple the amount it imported in 2014-15, which was 182 thousand tons. Reason for the same is fall in the production to 1.56 million tons in current season from 2.3 million tons previous season.

According to USDA latest report, USA cotton production would stand around 2.81 million tons, around 0.6% lower compared to the estimates of previous month i.e. 2.83 million tons and around 20% lower than the production of previous year i.e. 3.55 million tons.

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.

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	-3.5	833	836	828	831.5	5313	-1705	17461	459

Spread	Feb-16	Apr-16
Spot	--	138.5
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	20	16310	16360	16270	16350	1230	31	5107	-110
Feb-16	0	16440	16470	16400	16460	2110	972	10458	-39
Mar-16	0	16590	16650	16580	16640	940	518	3169	482
Apr-16	0	16800	16820	16760	16820	55	45	208	-8

Spread	Jan-16	Feb-16	Mar-16	Apr-16	--	--
Spot	--					
Jan-16		-110				
Feb-16			-180			
Mar-16				-180		
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
		15-Jan-16	14-Jan-16	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4525	4550	-25
Khandwa	Mech-1	Closed	4700	-
Khargaon	Mech-1	Closed	4700	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4800	4600	200
Rajkot	B.T. Cotton	4850	Closed	-
Patan	B.T. Cotton	4730	Closed	-
Deesa	B.T. Cotton	4505	Closed	-
Dhrol	B.T. Cotton	4725	NR	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NR	NR	-
Adampur	B.T. Cotton	4700	4700	Unch
Fatehabad	B.T. Cotton	4650	4700	-50
Dabwali	B.T. Cotton	4580	Closed	-
Jind	B.T. Cotton	4825	4799	26
Uchana (Jind)	B.T. Cotton	NA	4721	-
Rawatsar (Hanumangarh)	B.T. Cotton	4600	4600	Unch
Hubli	B.T. Cotton	NA	4719	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	4700	Closed	-
	Kapas			
Ahmedabad	Shankar-6	Closed	Closed	-
Gondal	Shankar-6	4835	Closed	-
	Kapas			
Bhiwani	Desi	NR	NR	-
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	Closed	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	4700	-
Adilabad	Un-Ginned	NA	4460	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
	Lint	Rs./Maund (of 37.32 Kg each)		
Abohar	J-34	3560	Closed	-
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3570	3560	10

Sirsa	J-34	3530	3530	Unch
Mansa	J-34	3540	Closed	-
Sri-Ganganagar	J-34	4700	4750	-50

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		15-Jan-16	14-Jan-16	
Amravati	Mech-1	16000	16000	Unch
Khandwa	Mech-1	Closed	1200	-
Khargaon	Mech-1	Closed	NA	-
Mahesana(Kadi)	B.T. Cotton	12500	NA	Unch
Rajkot	B.T. Cotton	2040	Closed	-
Patan	B.T. Cotton	1675	Closed	-
Deesa	B.T. Cotton	175	Closed	-
Dhrol	B.T. Cotton	898	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NR	NR	-
Adampur	B.T. Cotton	255	340	-
Fatehabad	B.T. Cotton	400	200	-85
Dabwali	B.T. Cotton	140	Closed	200
Jind	B.T. Cotton	77	12	-
Uchana (Jind)	B.T. Cotton	NA	90	65
Rawatsar (Hanumangarh)	B.T. Cotton	200	200	-
Hubli	B.T. Cotton	NA	8	Unch
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	600	Closed	-
Ahmedabad	Shankar-6	Closed	Closed	-
Gondal	Shankar-6	2566	Closed	-
Bhiwani	Desi	NR	NR	-
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	232	-
Adilabad	Un-Ginned	NA	4400	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	340	Closed	-
Bhatinda	J-34	2550	2550	Unch
Sirsa	J-34	340	340	Unch

Mansa	J-34	340	Closed	-
Sri-Ganganagar	J-34	200	200	Unch

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength / GPT	Rs. Per Candy		Change
				14-Jan-16	13-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	32900	32700	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	33400	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34200	34200	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35500	35500	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	49500	49500	Unch

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

Centre	Unit	Price		Change
		15-Jan-16	14-Jan-16	
Rajkot	Rs. /10 Kg.	582	Closed	-
New Delhi	Rs. /10 Kg.	562	562	Unch
Hyderabad	Rs. /10 Kg.	Closed	Closed	-
Mumbai	Rs. /10 Kg.	578	575	3

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

Centre	Unit	Price		Change
		15-Jan-16	14-Jan-16	
Mahesana (Kadi)	Rs./Qtl	2092	2063	29
Akola	Rs./Qtl	2057	2062	-5

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 15/01/2016

Index	RMB/Ton	Change
CCIndex(328)	12679	-57
CCIndex(527)	11810	-12
CCIndex(229)	13271	-22

China Foreign Cotton (FC) Index : As on 15/01/2016

Index	Cents/lb	Change
FC Index (S)	73.47	-0.07
FC Index (M)	70.09	-0.06
FC Index (L)	67.27	-0.20

Cotlook Index: As on 14/01/2016

Cotlook Indices	Cents/Pound	Change
A-Index	69.05	0.55

USDA Cotton Spot Rates: As on 14/01/2016

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	63.40	66.65	957
North Delta	62.15	64.90	NIL
South Delta	62.15	64.90	NIL
East TX-OK	59.00	61.00	5093
West Texas	59.50	61.00	20165
Desert SW	58.90	65.15	NIL
SJ Valley	59.90	69.80	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 14/01/2016

Contract	Open	High	Low	Close	Change
16-Mar	62.02	62.46	61.75	61.90	-0.24
16-May	62.43	62.84	62.21	62.27	-0.33
16-Jul	62.91	63.27	62.62	62.64	-0.45
16-Oct	62.19	62.19	62.19	62.19	-0.41
16-Dec	62.90	63.15	62.70	62.71	-0.38
17-Mar	63.58	63.86	63.55	63.59	-0.37

Pakistan Cotton Spot rates: As on 14/01/2016 (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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