

Domestic Fundamentals:

Market Outlook: Cotton spot market remained steady to firm on Saturday.

In The News: According to the state agriculture department's second advance estimates, cotton production in Karnataka during the current season would be around 11.68 lakh bales (of 170 kg each), around 47 lower as compared to the production of 22.04 lakh bales previous year. The government has set the production target of 17.13 lakh bales for the current season but due to the deficit rainfall the production was foreseen at 10.99 lakh bales but now it been raised to 11.68 lakh bales.

The Pradhan Mantri Fasal Bima Yojana (PMFBY) has been recently cleared by Union Cabinet. Under this scheme, farmers' premium has been kept at ceiling of 2 per cent for food-grain and oilseed and upto 5 per cent for horticulture and cotton crops. The scheme would be effective from the Kharif season this year and it would replace the schemes called national Agricultural Insurance Scheme (NAIS) and Modified NAIS.

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.

Major importer of Indian cotton during the week was Bangladesh. According to the data released by IBIS, Bangladesh imported 1.49 lakh bales of cotton in the past week (i.e. 03 Jan-10 Jan 2016). Other major importers were Pakistan, Vietnam, Turkey and Indonesia and their imported volumes were 1.29 lakh bales, 0.45 lakh bales, 0.31 lakh bales and 0.28 lakh bales respectively.

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.

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 15 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 15 January 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Centre	Variety	Prices		Change
		16-Jan-16	15-Jan-16	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4500	4525	-25
Khandwa	Mech-1	Closed	Closed	-
Khargaon	Mech-1	Closed	Closed	-
	Kapas	(Rs./Qtl)		
Mahesana(Kadi)	B.T. Cotton	NR	4800	-
Rajkot	B.T. Cotton	4820	4850	-30
Patan	B.T. Cotton	4745	4730	15
Deesa	B.T. Cotton	4575	4505	70
Dhrol	B.T. Cotton	4740	4725	15
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NR	NR	-
Adampur	B.T. Cotton	4785	4700	85
Fatehabad	B.T. Cotton	4650	4650	Unch
Dabwali	B.T. Cotton	4635	4580	55
Jind	B.T. Cotton	4775	4825	-50
Uchana (Jind)	B.T. Cotton	4850	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	4600	4600	Unch
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	4750	4700	50
	Kapas	(Rs./Qtl)		
Ahmedabad	Shankar-6	4825	Closed	-
Gondal	Shankar-6	4875	4835	40
	Kapas	(Rs./Qtl)		
Bhiwani	Desi	NR	NR	-
Jamner (Jalgaon)	Medium Staple	NA	NA	-
Hathras	Desi	NA	Closed	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	NA	NA	-
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	NA	-
	Lint	Rs./Maund (of 37.32 Kg each)		
Abohar	J-34	3570	3560	10
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3580	3570	10
Sirsa	J-34	3550	3530	20

Mansa	J-34	3560	3540	20
Sri-Ganganagar	J-34	4725	4700	25

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		16-Jan-16	15-Jan-16	
Amravati	Mech-1	18000	16000	2000
Khandwa	Mech-1	Closed	Closed	-
Khargaon	Mech-1	Closed	Closed	-
Mahesana(Kadi)	B.T. Cotton	NR	12500	-
Rajkot	B.T. Cotton	3600	2040	1560
Patan	B.T. Cotton	4770	1675	3095
Deesa	B.T. Cotton	475	175	300
Dhrol	B.T. Cotton	751	898	-147
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	NR	NR	-
Adampur	B.T. Cotton	213	255	-42
Fatehabad	B.T. Cotton	450	400	50
Dabwali	B.T. Cotton	100	140	-40
Jind	B.T. Cotton	68	77	-9
Uchana (Jind)	B.T. Cotton	200	NA	-
Rawatsar (Hanumangarh)	B.T. Cotton	400	200	200
Hubli	B.T. Cotton	NA	NA	-
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	4725	600	4125
Ahmedabad	Shankar-6	34000	Closed	-
Gondal	Shankar-6	3604	2566	1038
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	NA	-
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	340	510
Bhatinda	J-34	2550	2550	Unch
Sirsa	J-34	680	340	340
Mansa	J-34	340	340	Unch

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

Trade Name	Staple	Micronaire	Strength / GPT	Rs. Per Candy		Change
				15-Jan-16	14-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	33000	32900	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	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
		16-Jan-16	15-Jan-16	
Rajkot	Rs. /10 Kg.	582	582	Unch
New Delhi	Rs. /10 Kg.	562	562	Unch
Hyderabad	Rs. /10 Kg.	570	Closed	-
Mumbai	Rs. /10 Kg.	580	578	2

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

Centre	Unit	Price		Change
		16-Jan-16	15-Jan-16	
Mahesana (Kadi)	Rs./Qtl	2092	2092	Unch
Akola	Rs./Qtl	2057	2057	Unch

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 15/01/2016

Cotlook Indices	Cents/Pound	Change
A-Index	68.75	-0.30

USDA Cotton Spot Rates: As on 15/01/2016

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.91	66.16	352
North Delta	61.66	64.41	3434
South Delta	61.66	64.41	NIL
East TX-OK	59.00	61.00	2193
West Texas	59.50	61.00	4856
Desert SW	57.91	64.16	1200
SJ Valley	59.41	69.31	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 15/01/2016

Contract	Open	High	Low	Close	Change
16-Mar	61.91	62.02	61.34	61.41	-0.49
16-May	62.28	62.30	61.82	61.90	-0.37
16-Jul	62.64	62.67	62.13	62.42	-0.22
16-Oct	61.97	61.97	61.97	61.97	-0.22
16-Dec	62.70	62.70	62.02	62.47	-0.24
17-Mar	63.18	63.38	62.91	63.38	-0.21

Pakistan Cotton Spot rates: As on 15/01/2016 (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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