

Domestic Fundamentals:

Market Outlook: Cotton spot market remained firm on Monday.

In The News: Cotton association of India has further slashed down the cotton production estimates for the season 2015-16 to 357 lakh bales. In its October estimates the association kept the production figures at 370 lakh bales and later it revised the same to 362 lakh bales in November. According to the latest estimates the output would be around 357 lakh bales, 25.5 lakh bales or 6% lower when compared to the production figures of previous year which was 382.5 lakh bales.

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	10	835	845	835	841.5	5606	293	17207	-254
Spread	Feb-16		Apr-16						
Spot	--		142.5						
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 18 January 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-16	120	16380	16500	16380	16480	1119	-111	4673	-434
Feb-16	120	16500	16620	16500	16590	2418	308	10462	4
Mar-16	130	16720	16780	16700	16770	1482	542	3982	813
Apr-16	130	16910	16920	16840	16920	34	-21	243	35
Spread	Jan-16	Feb-16	Mar-16	Apr-16	--	--			
Spot	--								
Jan-16		-110							
Feb-16			-180						
Mar-16				-150					
Apr-16									

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

* Updated at 4:45 pm on 18 January 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	18-Jan-16	16-Jan-16	
Gujarat	Ahmedabad	Shankar-6	4850	4825	25
	Gondal	Shankar-6	4885	4875	10
	Rajkot	B.T. Cotton	4920	4820	100
	Patan	B.T. Cotton	4850	4745	105
	Kadi	B.T. Cotton	4950	NR	-
	Deesa	B.T. Cotton	4615	4575	40
	Dhrol	B.T. Cotton	4850	4740	110
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4825	NR	-
	Bhiwani	Desi	4900	NR	-
	Adampur	B.T. Cotton	4850	4785	65
	Fatehabad	B.T. Cotton	4725	4650	75
	Jind	B.T. Cotton	4910	4775	135
	Uchana	B.T. Cotton	4915	4850	65
	Dabwali	B.T. Cotton	4725	4635	90
Rajasthan	Hanumangarh	B.T. Cotton	4800	4750	50
	Rawatsar	B.T. Cotton	4690	4600	90
Madhya Pradesh	Khandwa	Mech-1	NR	Closed	-
	Khargaon	Mech-1	NR	Closed	-
Maharashtra	Amravati	Mech-1	4550	4500	50
	Jamner	Medium Staple	4687	4590	97
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	4460	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	4919	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	4830	NA	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	18-Jan-16	16-Jan-16	
Punjab	Bhatinda	J-34	3600	3580	20
	Abohar	J-34	3600	3570	30
	Mansa	J-34	NR	3560	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3580	3550	30
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	18-Jan-16	16-Jan-16	
Gujarat	Ahmedabad	Shankar-6	51000	34000	17000
	Gondal	Shankar-6	4533	3604	929
	Rajkot	B.T. Cotton	5200	3600	1600
	Patan	B.T. Cotton	7975	4770	3205
	Kadi	B.T. Cotton	12500	NR	-
	Deesa	B.T. Cotton	700	475	225
	Dhrol	B.T. Cotton	1004	751	253
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	50	NR	-
	Bhiwani	Desi	NA	NR	-
	Adampur	B.T. Cotton	255	213	43
	Fatehabad	B.T. Cotton	500	450	50
	Jind	B.T. Cotton	136	68	68
	Uchana	B.T. Cotton	250	200	50
	Dabwali	B.T. Cotton	525	100	425
Rajasthan	Hanumangarh	B.T. Cotton	1500	2000	-500
	Rawatsar	B.T. Cotton	300	400	-100
Madhya Pradesh	Khandwa	Mech-1	NR	Closed	-
	Khargaon	Mech-1	NR	Closed	-
Maharashtra	Amravati	Mech-1	20000	18000	2000
	Jamner	Medium Staple	21	22	-1
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	0	-
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	72	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	1155	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	18-Jan-16	16-Jan-16	
Punjab	Bhatinda	J-34	2550	2550	Unch
	Abohar	J-34	680	850	-170
	Mansa	J-34	NR	340	-
Haryana	Sirsa	J-34	510	680	-170
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				16-Jan-16	15-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	33000	Unch
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
		18-Jan-16	16-Jan-16	
Rajkot	Rs. /10 Kg.	577	582	-5
New Delhi	Rs. /10 Kg.	562	562	Unch
Hyderabad	Rs. /10 Kg.	575	570	5
Mumbai	Rs. /10 Kg.	580	580	Unch

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

Centre	Unit	Price		Change
		18-Jan-16	16-Jan-16	
Mahesana (Kadi)	Rs./Qtl	2125	2092	33
Akola	Rs./Qtl	2085	2057	28

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 18/01/2016		
Index	RMB/Ton	Change
CCIndex(328)	12663	-16
CCIndex(527)	11800	-10
CCIndex(229)	13246	-25

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 16/01/2016 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5450	135	5585
Equivalent	40 Kgs	5841	145	5986

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