

## Domestic Fundamentals:

**Market Outlook:** Cotton spot remained mostly steady to firm on Tuesday.

**In The News:** According to the Cotton Association of India (CAI), cotton arrivals are standing lower this year as compared to the previous year. CAI said that, as farmer are holding back their produce in the anticipation of better prices in future, cotton stocks has not been liquidated in the market resulting in the lower arrivals.

Cotton Association of India (CAI) 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.

### International Fundamentals:

According to the Pakistan Cotton Ginners Association, the country has produced around 9.475 million bales of cotton during this season, around 33.5 per cent lower as compared to the 14.251 million bales previous year.

Uzbekistan, the fifth major cotton exporter would lower down its cotton production by 10 percent in the next five year due to the lackluster prices and lower export demand. the country is likely to cut its cotton production to 3.0 million tons by 2020 from 3.35 million tons in 2015. Besides the weaker price and exports, the factor which is making cotton less lucrative is the encouragement by government to grow to food grain.

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.

### 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	2	840.5	847	839	841.5	7170	1564	17734	527
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 19 January 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-16	90	16450	16620	16420	16550	1905	786	4067	-606
Feb-16	110	16560	16730	16530	16670	2963	545	10281	-181
Mar-16	120	16720	16910	16710	16850	1843	361	4624	642
Apr-16	100	16880	17020	16860	16980	208	174	350	107
Spread	Jan-16	Feb-16	Mar-16	Apr-16					
Spot	--								
Jan-16		-120							
Feb-16			-180						
Mar-16				-130					
Apr-16									

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

\* Updated at 4:45 pm on 19 January 2016

**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	19-Jan-16	18-Jan-16	
Gujarat	Ahmedabad	Shankar-6	4850	4850	Unch
	Gondal	Shankar-6	4895	4885	10
	Rajkot	B.T. Cotton	4900	4920	-20
	Patan	B.T. Cotton	4850	4850	Unch
	Kadi	B.T. Cotton	4900	4950	-50
	Deesa	B.T. Cotton	4655	4615	40
	Dhrol	B.T. Cotton	4840	4850	-10
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4850	4825	25
	Bhiwani	Desi	4900	4900	Unch
	Adampur	B.T. Cotton	4825	4850	-25
	Fatehabad	B.T. Cotton	4725	4725	Unch
	Jind	B.T. Cotton	4980	4910	70
	Uchana	B.T. Cotton	4916	4915	1
	Dabwali	B.T. Cotton	4770	4725	45
Rajasthan	Hanumangarh	B.T. Cotton	4850	4800	50
	Rawatsar	B.T. Cotton	4690	4690	Unch
Madhya Pradesh	Khandwa	Mech-1	4700	NR	-
	Khargaon	Mech-1	4700	NR	-
Maharashtra	Amravati	Mech-1	4550	4550	Unch
	Jamner	Medium Staple	4625	4687	-62
Uttar Pradesh	Hathras	B.T. Cotton	NR	NA	-
	Hathras	Desi	NR	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
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.	4981	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	4800	4830	-30
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	19-Jan-16	18-Jan-16	
Punjab	Bhatinda	J-34	3610	3600	10
	Abohar	J-34	3620	3600	20
	Mansa	J-34	3590	NR	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3600	3580	20

Rajasthan	Sri-Ganganagar	J-34	NA	NA	-
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**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	19-Jan-16	18-Jan-16	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	3531	4533	-1002
	Rajkot	B.T. Cotton	4800	5200	-400
	Patan	B.T. Cotton	9405	7975	1430
	Kadi	B.T. Cotton	40000	12500	27500
	Deesa	B.T. Cotton	750	700	50
	Dhrol	B.T. Cotton	851	1004	-153
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	200	50	150
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	212.5	255	-43
	Fatehabad	B.T. Cotton	550	500	50
	Jind	B.T. Cotton	340	136	204
	Uchana	B.T. Cotton	325	250	75
	Dabwali	B.T. Cotton	525	525	Unch
Rajasthan	Hanumangarh	B.T. Cotton	1500	1500	Unch
	Rawatsar	B.T. Cotton	200	300	-100
Madhya Pradesh	Khandwa	Mech-1	2000	NR	-
	Khargaon	Mech-1	0	NR	-
Maharashtra	Amravati	Mech-1	17000	20000	-3000
	Jamner	Medium Staple	25	21	4
Uttar Pradesh	Hathras	B.T. Cotton	NR	NA	-
	Hathras	Desi	NR	NA	-
Telangana	Adilabad	Un-Ginned	NA	NA	-
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.	44	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	1215	1155	60
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	19-Jan-16	18-Jan-16	
Punjab	Bhatinda	J-34	2550	2550	Unch
	Abohar	J-34	850	680	170
	Mansa	J-34	425	NR	-
Haryana	Sirsa	J-34	850	510	340

Rajasthan	Sri-Ganganagar	J-34	NA	NA	-
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**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength / GPT	Rs. Per Candy		Change
				18-Jan-16	16-Jan-16	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	31500	31300	200
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	32000	31800	200
J-34(202)	26mm	3.5 - 4.9	23	33200	33000	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32900	32700	200
Shankar-6(105)	29mm	3.5 - 4.9	28	33600	33400	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34400	34200	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35700	35500	200
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
		19-Jan-16	18-Jan-16	
Rajkot	Rs. /10 Kg.	580	577	3
New Delhi	Rs. /10 Kg.	560	562	-2
Hyderabad	Rs. /10 Kg.	570	575	-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
		19-Jan-16	18-Jan-16	
Mahesana (Kadi)	Rs./Qtl	2147	2125	22
Akola	Rs./Qtl	2108	2085	23

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 19/01/2016**

Index	RMB/Ton	Change
CCIndex(328)	12619	-44
CCIndex(527)	11770	-30
CCIndex(229)	13223	-23

**China Foreign Cotton (FC) Index : As on 19/01/2016**

Index	Cents/lb	Change
FC Index (S)	73.11	-0.36
FC Index (M)	69.71	-0.38
FC Index (L)	67.17	-0.10

**Cotlook Index: As on 18/01/2016**

Cotlook Indices	Cents/Pound	Change
A-Index	68.35	-0.40

**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 18/01/2016 (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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