

## Domestic Fundamentals:

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

**In The News:** India exported 1.8 lakh bales of cotton last week (11 Jan-17 Jan 2016), which was 4.076 lakh bales previous to last week (03 Jan-10 Jan 2016), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.93 lakh bales last week, which was 0.069 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 0.67 lakh bales of cotton in the past week (i.e. 11 Jan-17 Jan 2016). Other major importers were Pakistan, Vietnam, Indonesia and China and their imported volumes were 0.55 lakh bales, 0.22 lakh bales, 0.11 lakh bales and 0.10 lakh bales respectively. India imported cotton mainly from Argentina, Australia, Tanzania followed by USA and Cote D Ivoire. The respective volumes these countries exported to India during the week are 0.040 lakh bales, 0.015 lakh bales, 0.012 lakh bales, 0.012 lakh bales, 0.006 Lakh Bales.

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.

### 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	-3	845	850	839	841	4667	-2503	17358	-376

  

Spread	Feb-16	Apr-16
Spot	--	134
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 20 January 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-16	20	16550	16680	16550	16600	1404	-501	3512	-555
Feb-16	20	16750	16810	16690	16720	3053	90	9715	-566
Mar-16	10	16930	16990	16870	16900	789	-1054	4822	198
Apr-16	10	17060	17120	17020	17020	122	-86	389	39

  

Spread	Jan-16	Feb-16	Mar-16	Apr-16	--	--
Spot	--					
Jan-16		-120				
Feb-16			-180			
Mar-16				-120		
Apr-16						

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

\* Updated at 4:45 pm on 20 January 2016

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

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	20-Jan-16	19-Jan-16	
Gujarat	Ahmedabad	Shankar-6	4900	4850	50
	Gondal	Shankar-6	4930	4895	35
	Rajkot	B.T. Cotton	4875	4900	-25
	Patan	B.T. Cotton	4825	4850	-25
	Kadi	B.T. Cotton	4900	4900	Unch
	Deesa	B.T. Cotton	4655	4655	Unch
	Dhrol	B.T. Cotton	4825	4840	-15
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5000	4850	150
	Bhiwani	Desi	4500	4900	-400
	Adampur	B.T. Cotton	4845	4825	20
	Fatehabad	B.T. Cotton	4750	4725	25
	Jind	B.T. Cotton	4880	4980	-100
	Uchana	B.T. Cotton	4875	4916	-41
	Dabwali	B.T. Cotton	4770	4770	Unch
Rajasthan	Hanumangarh	B.T. Cotton	4900	4850	50
	Rawatsar	B.T. Cotton	4700	4690	10
Madhya Pradesh	Khandwa	Mech-1	4750	4700	50
	Khargaon	Mech-1	4750	4700	50
Maharashtra	Amravati	Mech-1	4650	4550	100
	Jamner	Medium Staple	4700	4625	75
Uttar Pradesh	Hathras	B.T. Cotton	NA	NR	-
	Hathras	Desi	NA	NR	-
Telangana	Adilabad	Un-Ginned	4500	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.	4960	4981	-21

	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	4800	4800	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	20-Jan-16	19-Jan-16	
Punjab	Bhatinda	J-34	3625	3610	15
	Abohar	J-34	3620	3620	Unch
	Mansa	J-34	3600	3590	10
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3620	3600	20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	20-Jan-16	19-Jan-16	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	4467	3531	936
	Rajkot	B.T. Cotton	4200	4800	-600
	Patan	B.T. Cotton	9211	9405	-194
	Kadi	B.T. Cotton	45000	40000	5000
	Deesa	B.T. Cotton	250	750	-500
	Dhrol	B.T. Cotton	851	851	Unch
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4000	200	3800
	Bhiwani	Desi	100	NA	-
	Adampur	B.T. Cotton	212.5	213	Unch
	Fatehabad	B.T. Cotton	550	550	Unch
	Jind	B.T. Cotton	119	340	-221
	Uchana	B.T. Cotton	1000	325	675
	Dabwali	B.T. Cotton	300	525	-225
Rajasthan	Hanumangarh	B.T. Cotton	2000	1500	500
	Rawatsar	B.T. Cotton	700	200	500
Madhya Pradesh	Khandwa	Mech-1	2000	2000	Unch
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	11000	17000	-6000

	Jamner	Medium Staple	30	25	5
Uttar Pradesh	Hathras	B.T. Cotton	NA	NR	-
	Hathras	Desi	NA	NR	-
Telangana	Adilabad	Un-Ginned	5880	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.	20	44	-24
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	847	1215	-368
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	20-Jan-16	19-Jan-16	
Punjab	Bhatinda	J-34	2550	2550	Unch
	Abohar	J-34	850	850	Unch
	Mansa	J-34	340	425	-85
Haryana	Sirsa	J-34	850	850	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				19-Jan-16	18-Jan-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	31800	31500	300
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	32300	32000	300
J-34(202)	26mm	3.5 - 4.9	23	33400	33200	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33100	32900	200
Shankar-6(105)	29mm	3.5 - 4.9	28	33800	33600	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34600	34400	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35900	35700	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
		20-Jan-16	19-Jan-16	
Rajkot	Rs. /10 Kg.	580	580	Unch
New Delhi	Rs. /10 Kg.	575	560	15
Hyderabad	Rs. /10 Kg.	570	570	Unch
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
		20-Jan-16	19-Jan-16	
Mahesana (Kadi)	Rs./Qtl	2125	2147	-22
Akola	Rs./Qtl	2097	2108	-11

**INTERNATIONAL PRICES AND INDICES**

China Cotton Index: As on 20/01/2016			
Index	RMB/Ton		Change
CCIndex(328)	12572		-47
CCIndex(527)	11741		-29
CCIndex(229)	13167		-56

China Foreign Cotton (FC) Index : As on 20/01/2016			
Index	Cents/lb		Change
FC Index (S)	74.05		0.94
FC Index (M)	70.57		0.86
FC Index (L)	68.70		1.53

Cotlook Index: As on 19/01/2016			
Cotlook Indices	Cents/Pound		Change
A-Index	68.35		Unch

**USDA Cotton Spot Rates: As on 19/01/2016**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	63.97	67.22	NIL
North Delta	62.72	65.47	968
South Delta	62.72	65.47	NIL
East TX-OK	60.00	62.00	5011
West Texas	60.50	62.00	21024
Desert SW	58.97	65.22	NIL
SJ Valley	60.47	70.37	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 19/01/2016**

Contract	Open	High	Low	Close	Change
16-Mar	61.40	62.93	61.30	62.47	1.06
16-May	61.97	63.20	61.72	62.74	0.84
16-Jul	62.50	63.47	62.10	62.99	0.57
16-Oct	62.30	62.30	62.30	62.30	0.33
16-Dec	62.33	63.20	62.06	62.69	0.22
17-Mar	63.47	63.47	63.47	63.47	0.09

**Pakistan Cotton Spot rates: As on 19/01/2016 (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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