

Domestic Fundamentals:

Market Outlook: Cotton spot noticed mostly weak tone on Thursday.

In The News: Cotton production in Andhra Pradesh is likely to fall by around 20% in the current season to 22.18 lakh bales as compared to the 27.51 lakh bales a year ago, according to the second advance estimates released by the State Agriculture Department. However according to the cotton association of India, cotton production in the state would be around 26 lakh bales.

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	-5.5	842.5	845.5	834	837	7632	2965	16882	-476
Spread	Feb-16		Apr-16						
Spot	--		137						
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 21 January 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-16	-100	16630	16650	16430	16490	1306	-98	3133	-379
Feb-16	-100	16740	16760	16540	16600	2791	-262	9644	-71
Mar-16	-110	16940	16940	16710	16770	740	-49	4983	161
Apr-16	-100	17000	17010	16860	16910	145	23	412	23
Spread	Jan-16	Feb-16	Mar-16	Apr-16	--	--			
Spot	--								
Jan-16		-110							
Feb-16			-170						
Mar-16				-140					
Apr-16									

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

* Updated at 4:45 pm on 21 January 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	21-Jan-16	20-Jan-16	
Gujarat	Ahmedabad	Shankar-6	4850	4900	-50
	Gondal	Shankar-6	4890	4930	-40
	Rajkot	B.T. Cotton	4870	4875	-5
	Patan	B.T. Cotton	4835	4825	10
	Kadi	B.T. Cotton	4875	4900	-25
	Deesa	B.T. Cotton	4505	4655	-150
	Dhrol	B.T. Cotton	4800	4825	-25
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5000	5000	Unch
	Bhiwani	Desi	4800	4500	300
	Adampur	B.T. Cotton	4775	4845	-70
	Fatehabad	B.T. Cotton	4675	4750	-75
	Jind	B.T. Cotton	4975	4880	95
	Uchana	B.T. Cotton	4827	4875	-48
	Dabwali	B.T. Cotton	4720	4770	-50
Rajasthan	Hanumangarh	B.T. Cotton	4800	4900	-100
	Rawatsar	B.T. Cotton	NR	4700	-
Madhya Pradesh	Khandwa	Mech-1	4700	4750	-50
	Khargaon	Mech-1	4700	4750	-50
Maharashtra	Amravati	Mech-1	4800	4650	150
	Jamner	Medium Staple	4690	4700	-10
Uttar Pradesh	Hathras	B.T. Cotton	NR	NA	-
	Hathras	Desi	NR	NA	-
Telangana	Adilabad	Un-Ginned	4480	4500	-20
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.	4996	4960	36
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	4820	4800	20
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	21-Jan-16	20-Jan-16	
Punjab	Bhatinda	J-34	3610	3625	-15
	Abohar	J-34	3610	3620	-10
	Mansa	J-34	3615	3600	15
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3600	3620	-20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	21-Jan-16	20-Jan-16	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	3670	4467	-797
	Rajkot	B.T. Cotton	4800	4200	600
	Patan	B.T. Cotton	9260	9211	49
	Kadi	B.T. Cotton	55000	45000	10000
	Deesa	B.T. Cotton	125	250	-125
	Dhrol	B.T. Cotton	774	851	-77
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	3000	4000	-1000
	Bhiwani	Desi	300	100	200
	Adampur	B.T. Cotton	255	213	43
	Fatehabad	B.T. Cotton	450	550	-100
	Jind	B.T. Cotton	510	119	391
	Uchana	B.T. Cotton	700	1000	-300
	Dabwali	B.T. Cotton	325	300	25
Rajasthan	Hanumangarh	B.T. Cotton	1000	2000	-1000
	Rawatsar	B.T. Cotton	NR	700	-
Madhya Pradesh	Khandwa	Mech-1	1500	2000	-500
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	9000	11000	-2000
	Jamner	Medium Staple	27	30	-3

Uttar Pradesh	Hathras	B.T. Cotton	NR	NA	-
	Hathras	Desi	NR	NA	-
Telangana	Adilabad	Un-Ginned	6313	5880	433
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.	46	20	26
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	825	847	-22
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	21-Jan-16	20-Jan-16	
Punjab	Bhatinda	J-34	3400	2550	850
	Abohar	J-34	1020	850	170
	Mansa	J-34	255	340	-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
				20-Jan-16	19-Jan-16	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	31800	31800	Unch
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	32300	32300	Unch
J-34(202)	26mm	3.5 - 4.9	23	33400	33400	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33200	33100	100
Shankar-6(105)	29mm	3.5 - 4.9	28	33900	33800	100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34700	34600	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35900	35900	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
		21-Jan-16	20-Jan-16	
Rajkot	Rs. /10 Kg.	576	580	-4
New Delhi	Rs. /10 Kg.	575	575	Unch
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
		21-Jan-16	20-Jan-16	
Mahesana (Kadi)	Rs./Qtl	2085	2125	-40
Akola	Rs./Qtl	2072	2097	-25

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 21/01/2016

Index	RMB/Ton	Change
CCIndex(328)	12525	-47
CCIndex(527)	11719	-22
CCIndex(229)	13139	-28

China Foreign Cotton (FC) Index : As on 20/01/2016

Index	Cents/lb	Change
FC Index (S)	73.67	-0.38
FC Index (M)	70.34	-0.23
FC Index (L)	68.33	-0.37

Cotlook Index: As on 20/01/2016

Cotlook Indices	Cents/Pound	Change
A-Index	69.30	0.95

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	63.72	66.97	8731
North Delta	62.22	64.97	NIL
South Delta	62.22	64.97	NIL
East TX-OK	60.00	62.00	8588
West Texas	60.00	61.50	14659
Desert SW	58.47	64.72	1337
SJ Valley	59.97	69.87	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 20/01/2016

Contract	Open	High	Low	Close	Change
16-Mar	62.45	62.46	61.52	61.97	-0.50
16-May	62.74	62.78	61.90	62.28	-0.46
16-Jul	62.86	62.90	62.14	62.60	-0.39
16-Oct	61.89	61.89	61.80	61.80	-0.50
16-Dec	62.70	62.70	62.00	62.20	-0.49
17-Mar	63.26	63.26	62.71	62.96	-0.51

Pakistan Cotton Spot rates: As on 20/01/2016 (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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