

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed mostly weak tone on Friday.

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 range bound to weak 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	841	842	836	839	3818	-3814	17232	350
Spread	Feb-16		Apr-16						
Spot	--		129						
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 22 January 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-16	-40	16560	16580	16510	16540	647	-659	2862	-271
Feb-16	-40	16700	16700	16620	16650	1247	-1544	9764	120
Mar-16	-30	16870	16870	16800	16840	420	-320	5165	182
Apr-16	-40	16980	17000	16940	16960	13	-132	416	4
Spread	Jan-16	Feb-16	Mar-16	Apr-16					
Spot	--								
Jan-16		-110							
Feb-16			-190						
Mar-16				-120					
Apr-16									

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

* Updated at 4:45 pm on 22 January 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	22-Jan-16	21-Jan-16	
Gujarat	Ahmedabad	Shankar-6	4850	4850	Unch
	Gondal	Shankar-6	4860	4890	-30
	Rajkot	B.T. Cotton	4840	4870	-30
	Patan	B.T. Cotton	4800	4835	-35
	Kadi	B.T. Cotton	4900	4875	25
	Deesa	B.T. Cotton	4725	4505	220
	Dhrol	B.T. Cotton	4805	4800	5
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4900	5000	-100
	Bhiwani	Desi	4800	4800	Unch
	Adampur	B.T. Cotton	4770	4775	-5
	Fatehabad	B.T. Cotton	4650	4675	-25
	Jind	B.T. Cotton	4890	4975	-85
	Uchana	B.T. Cotton	4791	4827	-36
	Dabwali	B.T. Cotton	4615	4720	-105
Rajasthan	Hanumangarh	B.T. Cotton	4750	4800	-50
	Rawatsar	B.T. Cotton	4675	NR	-
Madhya Pradesh	Khandwa	Mech-1	4700	4700	Unch
	Khargaon	Mech-1	4700	4700	Unch
Maharashtra	Amravati	Mech-1	4775	4800	-25
	Jamner	Medium Staple	4700	4690	10
Uttar Pradesh	Hathras	B.T. Cotton	NR	NR	-
	Hathras	Desi	NR	NR	-
Telangana	Adilabad	Un-Ginned	4460	4480	-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.	5000	4996	4
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	4820	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	22-Jan-16	21-Jan-16	
Punjab	Bhatinda	J-34	3570	3610	-40
	Abohar	J-34	3700	3610	90

	Mansa	J-34	3575	3615	-40
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3570	3600	-30
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	22-Jan-16	21-Jan-16	
Gujarat	Ahmedabad	Shankar-6	59500	51000	8500
	Gondal	Shankar-6	4494	3670	824
	Rajkot	B.T. Cotton	4500	4800	-300
	Patan	B.T. Cotton	6080	9260	-3180
	Kadi	B.T. Cotton	85000	55000	30000
	Deesa	B.T. Cotton	725	125	600
	Dhrol	B.T. Cotton	903	774	129
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	2500	3000	-500
	Bhiwani	Desi	150	300	-150
	Adampur	B.T. Cotton	255	255	Unch
	Fatehabad	B.T. Cotton	600	450	150
	Jind	B.T. Cotton	68	510	-442
	Uchana	B.T. Cotton	600	700	-100
	Dabwali	B.T. Cotton	250	325	-75
Rajasthan	Hanumangarh	B.T. Cotton	1500	1000	500
	Rawatsar	B.T. Cotton	400	NR	-
Madhya Pradesh	Khandwa	Mech-1	2000	1500	500
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	6000	9000	-3000
	Jamner	Medium Staple	30	27	3
Uttar Pradesh	Hathras	B.T. Cotton	NR	NR	-
	Hathras	Desi	NR	NR	-
Telangana	Adilabad	Un-Ginned	7360	6313	1047
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.	32	46	-14
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	NA	825	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	22-Jan-16	21-Jan-16	
Punjab	Bhatinda	J-34	4250	3400	850
	Abohar	J-34	1190	1020	170
	Mansa	J-34	255	255	Unch
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		Change
				21-Jan-16	20-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	33100	33400	-300
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33200	33200	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	33900	33900	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34700	34700	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35700	35900	-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
		22-Jan-16	21-Jan-16	
Rajkot	Rs. /10 Kg.	577	576	1
New Delhi	Rs. /10 Kg.	570	575	-5
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
		22-Jan-16	21-Jan-16	
Mahesana (Kadi)	Rs./Qtl	2088	2085	3
Akola	Rs./Qtl	2073	2072	1

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 22/01/2016		
Index	RMB/Ton	Change
CCIndex(328)	12498	-27
CCIndex(527)	11708	-11
CCIndex(229)	13097	-42

China Foreign Cotton (FC) Index : As on 22/01/2016		
Index	Cents/lb	Change
FC Index (S)	73.62	-0.05
FC Index (M)	70.41	0.07
FC Index (L)	68.34	0.01

Cotlook Index: As on 21/01/2016		
Cotlook Indices	Cents/Pound	Change
A-Index	68.80	-0.50

USDA Cotton Spot Rates: As on 21/01/2016			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	63.84	67.09	109
North Delta	62.34	65.09	NIL
South Delta	62.34	65.09	NIL
East TX-OK	60.00	62.00	5724
West Texas	60.00	61.50	12836
Desert SW	58.59	64.84	1530
SJ Valley	60.09	69.99	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 21/01/2016

Contract	Open	High	Low	Close	Change
16-Mar	61.97	62.45	61.75	62.09	0.12
16-May	62.26	62.75	62.10	62.46	0.18
16-Jul	62.60	63.09	62.50	62.85	0.25
16-Oct	61.99	61.99	61.99	61.99	0.19
16-Dec	62.20	62.45	62.06	62.36	0.16
17-Mar	63.03	63.08	63.03	63.08	0.12

Pakistan Cotton Spot rates: As on 21/01/2016 (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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