

## Domestic Fundamentals:

**Market Outlook:** Cotton spot prices noticed mixed tone on Saturday.

**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:

China cotton imports have moved 9 years low, according the calculation of Reuters. the country imported 188,200 tonnes of cotton in December, around 28.85 per cent lower as compared to the volume in the same month previous year. However till December the total volume for the calendar year stood 1.48 million tons, the lowest level in last nine years, according to Reuters.

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.

### 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	23-Jan-16	22-Jan-16	
<b>Gujarat</b>	Ahmedabad	Shankar-6	4800	4850	<b>-50</b>
	Gondal	Shankar-6	4840	4860	<b>-20</b>
	Rajkot	B.T. Cotton	4850	4840	<b>10</b>
	Patan	B.T. Cotton	4805	4800	<b>5</b>
	Kadi	B.T. Cotton	4900	4900	<b>Unch</b>
	Deesa	B.T. Cotton	Closed	4725	<b>-</b>
	Dhrol	B.T. Cotton	NA	4805	<b>-</b>
<b>Punjab</b>	Fazilika	B.T. Cotton	NR	NR	<b>-</b>
	Muktsar	B.T. Cotton	NR	NR	<b>-</b>
<b>Haryana</b>	Bhiwani	B.T. Cotton	4900	4900	<b>Unch</b>
	Bhiwani	Desi	4700	4800	<b>-100</b>
	Adampur	B.T. Cotton	4765	4770	<b>-5</b>
	Fatehabad	B.T. Cotton	4675	4650	<b>25</b>
	Jind	B.T. Cotton	4950	4890	<b>60</b>
	Uchana	B.T. Cotton	4785	4791	<b>-6</b>
	Dabwali	B.T. Cotton	4500	4615	<b>-115</b>
<b>Rajasthan</b>	Hanumangarh	B.T. Cotton	4750	4750	<b>Unch</b>
	Rawatsar	B.T. Cotton	4650	4675	<b>-25</b>
<b>Madhya Pradesh</b>	Khandwa	Mech-1	Closed	4700	<b>-</b>
	Khargaon	Mech-1	Closed	4700	<b>-</b>
<b>Maharashtra</b>	Amravati	Mech-1	4750	4775	<b>-25</b>
	Jamner	Medium Staple	4700	4700	<b>Unch</b>
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	NR	NR	<b>-</b>
	Hathras	Desi	NR	NR	<b>-</b>
<b>Telangana</b>	Adilabad	Un-Ginned	4460	4460	<b>Unch</b>
<b>Andhra Pradesh</b>	Guntur	Un-Ginned	NA	NA	<b>-</b>
	Kurnool	Un-Ginned	NA	NA	<b>-</b>
	Krishna	Un-Ginned	4100	NA	<b>-</b>
	East Godavari	Un-Ginned	4100	NA	<b>-</b>
<b>Karnataka</b>	Bijapur	Bunny	NA	NA	<b>-</b>
	Hubli	D.C.H.	NA	5000	<b>-</b>
	Hubli	B.T. Cotton	NA	NA	<b>-</b>

	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	23-Jan-16	22-Jan-16	
Punjab	Bhatinda	J-34	3570	3570	Unch
	Abohar	J-34	3690	3700	-10
	Mansa	J-34	3560	3575	-15
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3555	3570	-15
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	23-Jan-16	22-Jan-16	
Gujarat	Ahmedabad	Shankar-6	59500	59500	Unch
	Gondal	Shankar-6	4134	4494	-360
	Rajkot	B.T. Cotton	4100	4500	-400
	Patan	B.T. Cotton	6592	6080	512
	Kadi	B.T. Cotton	65000	85000	-20000
	Deesa	B.T. Cotton	Closed	725	-
	Dhrol	B.T. Cotton	NA	903	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	2000	2500	-500
	Bhiwani	Desi	100	150	-50
	Adampur	B.T. Cotton	255	255	Unch
	Fatehabad	B.T. Cotton	450	600	-150
	Jind	B.T. Cotton	70	68	2
	Uchana	B.T. Cotton	700	600	100
	Dabwali	B.T. Cotton	100	250	-150
Rajasthan	Hanumangarh	B.T. Cotton	1000	1500	-500
	Rawatsar	B.T. Cotton	200	400	-200
Madhya Pradesh	Khandwa	Mech-1	Closed	2000	-
	Khargaon	Mech-1	Closed	NA	-
Maharashtra	Amravati	Mech-1	7000	6000	1000
	Jamner	Medium Staple	21	30	-9

Uttar Pradesh	Hathras	B.T. Cotton	NR	NR	-
	Hathras	Desi	NR	NR	-
Telangana	Adilabad	Un-Ginned	8831	7360	1471
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	32	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	23-Jan-16	22-Jan-16	
Punjab	Bhatinda	J-34	3400	4250	-850
	Abohar	J-34	1360	1190	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	Rs. Per Candy	Change
				22-Jan-16	21-Jan-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	31300	31800	-500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	31800	32300	-500
J-34(202)	26mm	3.5 - 4.9	23	33000	33100	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33100	33200	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	33800	33900	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34600	34700	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35600	35700	-100
DCH-32(107)	34mm	3.0 - 3.8	33	49200	49500	-300

**Cotton Seed Oil Prices**
**Refined Cotton Seed Oil at Key Centers:**

Centre	Unit	Price		Change
		23-Jan-16	22-Jan-16	
Rajkot	Rs. /10 Kg.	580	577	3
New Delhi	Rs. /10 Kg.	570	570	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
		23-Jan-16	22-Jan-16	
Mahesana (Kadi)	Rs./Qtl	285	2085	-1800
Akola	Rs./Qtl	2071	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 22/01/2016**

Cotlook Indices	Cents/Pound	Change
A-Index	68.90	0.10

**USDA Cotton Spot Rates: As on 22/01/2016**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
<b>Southeast</b>	64.20	67.45	<b>166</b>
<b>North Delta</b>	62.70	65.45	<b>NIL</b>
<b>South Delta</b>	62.70	65.45	<b>NIL</b>
<b>East TX-OK</b>	60.00	62.00	<b>4785</b>
<b>West Texas</b>	60.25	61.75	<b>20765</b>
<b>Desert SW</b>	58.95	65.20	<b>258</b>
<b>SJ Valley</b>	60.45	70.35	<b>NIL</b>

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 22/01/2016**

Contract	Open	High	Low	Close	Change
<b>16-Mar</b>	62.09	62.75	62.05	62.45	<b>0.36</b>
<b>16-May</b>	62.48	63.02	62.45	62.83	<b>0.37</b>
<b>16-Jul</b>	62.85	63.32	62.85	63.3	<b>0.45</b>
<b>16-Oct</b>	62.58	62.58	62.58	62.58	<b>0.59</b>
<b>16-Dec</b>	62.43	62.77	62.34	62.75	<b>0.39</b>
<b>17-Mar</b>	62.09	62.75	62.05	62.45	<b>0.36</b>

**Pakistan Cotton Spot rates: As on 22/01/2016 (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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