

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed mixed tone on Monday.

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	-19	843	843	821	823.5	13893	10075	18067	835
Spread	Feb-16		Apr-16						
Spot	--		154.5						
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 25 January 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-16	-160	16620	16630	16450	16470	879	232	2273	-589
Feb-16	-180	16700	16730	16510	16550	2231	984	9775	11
Mar-16	-170	16890	16900	16670	16720	858	438	5239	74
Apr-16	-200	16970	16980	16820	16820	62	49	414	-2
Spread	Jan-16	Feb-16	Mar-16	Apr-16					
Spot	--								
Jan-16		-80							
Feb-16			-170						
Mar-16				-100					
Apr-16									

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

* Updated at 4:45 pm on 25 January 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	25-Jan-16	23-Jan-16	
Gujarat	Ahmedabad	Shankar-6	4825	4800	25
	Gondal	Shankar-6	4820	4840	-20
	Rajkot	B.T. Cotton	4890	4850	40
	Patan	B.T. Cotton	4815	4805	10
	Kadi	B.T. Cotton	4900	4900	Unch
	Deesa	B.T. Cotton	4605	Closed	-
	Dhrol	B.T. Cotton	NR	NA	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4900	4900	Unch
	Bhiwani	Desi	4700	4700	Unch
	Adampur	B.T. Cotton	4750	4765	-15
	Fatehabad	B.T. Cotton	4670	4675	-5
	Jind	B.T. Cotton	4840	4950	-110
	Uchana	B.T. Cotton	4815	4785	30
	Dabwali	B.T. Cotton	4600	4500	100
Rajasthan	Hanumangarh	B.T. Cotton	4750	4750	Unch
	Rawatsar	B.T. Cotton	4640	4650	-10
Madhya Pradesh	Khandwa	Mech-1	NR	Closed	-
	Khargaon	Mech-1	NR	Closed	-
Maharashtra	Amravati	Mech-1	4750	4750	Unch
	Jamner	Medium Staple	NA	4700	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	NR	-
	Hathras	Desi	NR	NR	-
Telangana	Adilabad	Un-Ginned	4470	4460	10
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	4100	4100	Unch
	East Godavari	Un-Ginned	4100	4100	Unch
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	25-Jan-16	23-Jan-16	
Punjab	Bhatinda	J-34	3585	3570	15
	Abohar	J-34	3590	3690	-100
	Mansa	J-34	3550	3560	-10
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3570	3555	15
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	25-Jan-16	23-Jan-16	
Gujarat	Ahmedabad	Shankar-6	64600	59500	5100
	Gondal	Shankar-6	4293	4134	159
	Rajkot	B.T. Cotton	4400	4100	300
	Patan	B.T. Cotton	7660	6592	1068
	Kadi	B.T. Cotton	70000	65000	5000
	Deesa	B.T. Cotton	275	Closed	-
	Dhrol	B.T. Cotton	NR	NA	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1500	2000	-500
	Bhiwani	Desi	100	100	Unch
	Adampur	B.T. Cotton	170	255	-85
	Fatehabad	B.T. Cotton	600	450	150
	Jind	B.T. Cotton	68	69.7	-1.7
	Uchana	B.T. Cotton	800	700	100
	Dabwali	B.T. Cotton	200	100	100
Rajasthan	Hanumangarh	B.T. Cotton	1500	1000	500
	Rawatsar	B.T. Cotton	200	200	Unch
Madhya Pradesh	Khandwa	Mech-1	NR	Closed	-
	Khargaon	Mech-1	NR	Closed	-
Maharashtra	Amravati	Mech-1	6000	7000	-1000
	Jamner	Medium Staple	NA	21	-

Uttar Pradesh	Hathras	B.T. Cotton	NR	NR	-
	Hathras	Desi	NR	NR	-
Telangana	Adilabad	Un-Ginned	7827	8831	-1004
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	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	25-Jan-16	23-Jan-16	
Punjab	Bhatinda	J-34	4250	3400	850
	Abohar	J-34	850	1360	-510
	Mansa	J-34	255	255	Unch
Haryana	Sirsa	J-34	680	850	-170
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
				23-Jan-16	22-Jan-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	31300	31300	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	31800	31800	Unch
J-34(202)	26mm	3.5 - 4.9	23	33000	33000	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	34800	34600	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35900	35600	300
DCH-32(107)	34mm	3.0 - 3.8	33	49200	49200	Unch

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

Centre	Unit	Price		Change
		25-Jan-16	23-Jan-16	
Rajkot	Rs. /10 Kg.	575	580	-5
New Delhi	Rs. /10 Kg.	580	570	10
Hyderabad	Rs. /10 Kg.	570	570	Unch
Mumbai	Rs. /10 Kg.	585	580	5

Cotton Seed Oil Seed Cake Prices
Cotton Seed Oil Cake Prices at Key Centers:

Centre	Unit	Price		Change
		25-Jan-16	23-Jan-16	
Mahesana (Kadi)	Rs./Qtl	2075	2085	-10
Akola	Rs./Qtl	2071	2071	Unch

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 25/01/2016

Index	RMB/Ton	Change
CCIndex(328)	12451	-47
CCIndex(527)	11658	-50
CCIndex(229)	13069	-28

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
Southeast	64.20	67.45	166
North Delta	62.70	65.45	NIL
South Delta	62.70	65.45	NIL
East TX-OK	60.00	62.00	4785
West Texas	60.25	61.75	20765
Desert SW	58.95	65.20	258
SJ Valley	60.45	70.35	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 22/01/2016

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

Pakistan Cotton Spot rates: As on 23/01/2016 (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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