

Domestic Fundamentals:

Market Outlook: Cotton spot prices noticed weak tone on Wednesday.

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	-8	820	821	809	814.5	10659	-3234	18187	120
Spread	Feb-16		Apr-16						
Spot	--		103						
Feb-16	--		--						

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)

*Updated at 6:45 pm on 27 January 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-16	-40	16440	16500	16400	16470	1062	183	1429	-844
Feb-16	-30	16460	16510	16410	16500	2522	291	9555	-220
Mar-16	-30	16600	16670	16570	16660	1116	258	5306	67
Apr-16	-40	16720	16790	16710	16790	101	39	443	29
Spread	Jan-16	Feb-16	Mar-16	Apr-16					
Spot	--								
Jan-16		-30							
Feb-16			-160						
Mar-16				-130					
Apr-16									

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

* Updated at 6:45 pm on 27 January 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	27-Jan-16	25-Jan-16	
Gujarat	Ahmedabad	Shankar-6	4750	4825	-75
	Gondal	Shankar-6	4775	4820	-45
	Rajkot	B.T. Cotton	4860	4890	-30
	Patan	B.T. Cotton	4745	4815	-70
	Kadi	B.T. Cotton	4875	4900	-25
	Deesa	B.T. Cotton	4555	4605	-50
	Dhrol	B.T. Cotton	4770	NR	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4880	4900	-20
	Bhiwani	Desi	4700	4700	Unch
	Adampur	B.T. Cotton	4695	4750	-55
	Fatehabad	B.T. Cotton	4650	4670	-20
	Jind	B.T. Cotton	4920	4840	80
	Uchana	B.T. Cotton	4704	4815	-111
	Dabwali	B.T. Cotton	4525	4600	-75
Rajasthan	Hanumangarh	B.T. Cotton	4700	4750	-50
	Rawatsar	B.T. Cotton	4560	4640	-80
Madhya Pradesh	Khandwa	Mech-1	4700	NR	-
	Khargaon	Mech-1	4700	NR	-
Maharashtra	Amravati	Mech-1	4725	4750	-25
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	NR	-
	Hathras	Desi	NR	NR	-
Telangana	Adilabad	Un-Ginned	4450	4470	-20
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	4100	-
	East Godavari	Un-Ginned	4100	4100	Unch
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	4850	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	4765	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	27-Jan-16	25-Jan-16	
Punjab	Bhatinda	J-34	3560	3585	-25
	Abohar	J-34	3565	3590	-25
	Mansa	J-34	3560	3550	10
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3540	3570	-30
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	27-Jan-16	25-Jan-16	
Gujarat	Ahmedabad	Shankar-6	85000	64600	20400
	Gondal	Shankar-6	5533	4293	1240
	Rajkot	B.T. Cotton	6400	4400	2000
	Patan	B.T. Cotton	7780	7660	120
	Kadi	B.T. Cotton	65000	70000	-5000
	Deesa	B.T. Cotton	150	275	-125
	Dhrol	B.T. Cotton	1402	NR	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1500	1500	Unch
	Bhiwani	Desi	200	100	100
	Adampur	B.T. Cotton	255	170	85
	Fatehabad	B.T. Cotton	800	600	200
	Jind	B.T. Cotton	59.5	68	-8.5
	Uchana	B.T. Cotton	500	800	-300
	Dabwali	B.T. Cotton	125	200	-75
Rajasthan	Hanumangarh	B.T. Cotton	1500	1500	Unch
	Rawatsar	B.T. Cotton	100	200	-100
Madhya Pradesh	Khandwa	Mech-1	2500	NR	-
	Khargaon	Mech-1	NA	NR	-
Maharashtra	Amravati	Mech-1	4000	6000	-2000
	Jamner	Medium Staple	NA	NA	-

Uttar Pradesh	Hathras	B.T. Cotton	NR	NR	-
	Hathras	Desi	NR	NR	-
Telangana	Adilabad	Un-Ginned	12791	7827	4964
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.	126	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	1612	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	27-Jan-16	25-Jan-16	
Punjab	Bhatinda	J-34	4250	4250	Unch
	Abohar	J-34	1190	850	340
	Mansa	J-34	425	255	170
Haryana	Sirsa	J-34	1360	680	680
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
				25-Jan-16	23-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	33100	33200	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	33800	33900	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34700	34800	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35900	35900	Unch
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
		27-Jan-16	25-Jan-16	
Rajkot	Rs. /10 Kg.	572	575	-3
New Delhi	Rs. /10 Kg.	580	580	Unch
Hyderabad	Rs. /10 Kg.	570	570	Unch
Mumbai	Rs. /10 Kg.	588	585	3

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

Centre	Unit	Price		Change
		27-Jan-16	25-Jan-16	
Mahesana (Kadi)	Rs./Qtl	2052	2075	-23
Akola	Rs./Qtl	2055	2071	-16

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 27/01/2016

Index	RMB/Ton	Change
CCIndex(328)	12389	-46
CCIndex(527)	11592	-46
CCIndex(229)	12988	-31

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 26/01/2016

Cotlook Indices	Cents/Pound	Change
A-Index	68.45	-0.75

USDA Cotton Spot Rates: As on 26/01/2016

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	63.16	66.41	98
North Delta	61.66	64.41	NIL
South Delta	61.66	64.41	NIL
East TX-OK	59.00	61.00	1817
West Texas	59.50	61.00	2737
Desert SW	57.91	64.16	NIL
SJ Valley	59.41	69.31	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 26/01/2016

Contract	Open	High	Low	Close	Change
16-Mar	61.45	61.75	60.96	61.41	-0.19
16-May	62.10	62.25	61.55	62.01	-0.09
16-Jul	62.23	62.59	61.96	62.40	-0.08
16-Oct	61.68	61.68	61.68	61.68	-0.09
16-Dec	62.00	62.15	61.46	61.88	-0.09
17-Mar	62.64	62.64	62.20	62.59	-0.05

Pakistan Cotton Spot rates: As on 26/01/2016 (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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