

Domestic Fundamentals:

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

In The News: India exported 0.85 lakh bales of cotton last week (18 Jan-24 Jan 2016), which was 1.8 lakh bales previous to last week (11 Jan-17 Jan 2016), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.10 lakh bales last week, which was 0.93 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 0.27 lakh bales of cotton in the past week (i.e. 18 Jan-24 Jan 2016). Other major importers were Pakistan, China, Vietnam and Indonesia and their imported volumes were 0.26 lakh bales, 0.11 lakh bales, 0.07 lakh bales and 0.05 lakh bales respectively. India imported cotton mainly from Australia, USA Tanzania followed by Turkmenistan and Togo. The respective volumes these countries exported to India during the week are 0.067 lakh bales, 0.020 lakh bales, 0.009 lakh bales, 0.007 lakh bales, 0.001 Lakh Bales.

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.

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	5	811	818	810	816.5	5607	-8286	19049	982
Spread	Feb-16		Apr-16						
Spot	--		163.5						
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 28 January 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-16	-40	16460	16540	16420	16450	750	-129	1015	-1258
Feb-16	0	16480	16560	16460	16500	1972	-259	9152	-623
Mar-16	-30	16640	16720	16610	16630	756	-102	5396	157
Apr-16	-30	16760	16840	16750	16760	57	-5	451	37
Spread	Jan-16	Feb-16	Mar-16	Apr-16					
Spot	--								
Jan-16		-50							
Feb-16			-130						
Mar-16				-130					
Apr-16									

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

* Updated at 4:45 pm on 28 January 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	28-Jan-16	27-Jan-16	
Gujarat	Ahmedabad	Shankar-6	4800	4750	50
	Gondal	Shankar-6	4780	4775	5
	Rajkot	B.T. Cotton	4900	4860	40
	Patan	B.T. Cotton	4740	4745	-5
	Kadi	B.T. Cotton	4900	4875	25
	Deesa	B.T. Cotton	NA	4555	-
	Dhrol	B.T. Cotton	4825	4770	55
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4850	4880	-30
	Bhiwani	Desi	4700	4700	Unch
	Adampur	B.T. Cotton	NR	4695	-
	Fatehabad	B.T. Cotton	4610	4650	-40
	Jind	B.T. Cotton	4830	4920	-90
	Uchana	B.T. Cotton	4729	4704	25
	Dabwali	B.T. Cotton	NR	4525	-
Rajasthan	Hanumangarh	B.T. Cotton	4750	4700	50
	Rawatsar	B.T. Cotton	4530	4560	-30
Madhya Pradesh	Khandwa	Mech-1	NR	4700	-
	Khargaon	Mech-1	NR	4700	-
Maharashtra	Amravati	Mech-1	4650	4725	-75
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	NR	-
	Hathras	Desi	NR	NR	-
Telangana	Adilabad	Un-Ginned	4450	4450	Unch
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	4100	NA	-
	East Godavari	Un-Ginned	4100	4100	Unch
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	4850	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	NA	4765	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	28-Jan-16	27-Jan-16	
Punjab	Bhatinda	J-34	3530	3560	-30
	Abohar	J-34	3540	3565	-25
	Mansa	J-34	3530	3560	-30
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3510	3540	-30
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	28-Jan-16	27-Jan-16	
Gujarat	Ahmedabad	Shankar-6	76500	85000	-8500
	Gondal	Shankar-6	4787	5533	-746
	Rajkot	B.T. Cotton	4800	6400	-1600
	Patan	B.T. Cotton	7701	7780	-79
	Kadi	B.T. Cotton	55000	65000	-10000
	Deesa	B.T. Cotton	NA	150	-
	Dhrol	B.T. Cotton	1065	1402	-337
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1000	1500	-500
	Bhiwani	Desi	100	200	-100
	Adampur	B.T. Cotton	NR	255	-
	Fatehabad	B.T. Cotton	600	800	-200
	Jind	B.T. Cotton	102	59.5	42.5
	Uchana	B.T. Cotton	450	500	-50
	Dabwali	B.T. Cotton	NR	125	-
Rajasthan	Hanumangarh	B.T. Cotton	1500	1500	Unch
	Rawatsar	B.T. Cotton	300	100	200
Madhya Pradesh	Khandwa	Mech-1	NR	2500	-
	Khargaon	Mech-1	NR	NA	-
Maharashtra	Amravati	Mech-1	2000	4000	-2000
	Jamner	Medium Staple	NA	NA	-

Uttar Pradesh	Hathras	B.T. Cotton	NR	NR	-
	Hathras	Desi	NR	NR	-
Telangana	Adilabad	Un-Ginned	11086	12791	-1705
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	126	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	1612	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	28-Jan-16	27-Jan-16	
Punjab	Bhatinda	J-34	4250	4250	Unch
	Abohar	J-34	850	1190	-340
	Mansa	J-34	425	425	Unch
Haryana	Sirsa	J-34	680	1360	-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
				27-Jan-16	25-Jan-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	30800	31300	-500
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	31300	31800	-500
J-34(202)	26mm	3.5 - 4.9	23	32500	33000	-500
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32900	33100	-200
Shankar-6(105)	29mm	3.5 - 4.9	28	33600	33800	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34700	34700	Unch
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
		28-Jan-16	27-Jan-16	
Rajkot	Rs. /10 Kg.	570	572	-2
New Delhi	Rs. /10 Kg.	575	580	-5
Hyderabad	Rs. /10 Kg.	570	570	Unch
Mumbai	Rs. /10 Kg.	590	588	2

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

Centre	Unit	Price		Change
		28-Jan-16	27-Jan-16	
Mahesana (Kadi)	Rs./Qtl	2041	2052	-11
Akola	Rs./Qtl	2049	2055	-6

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 28/01/2016

Index	RMB/Ton	Change
CCIndex(328)	12358	-31
CCIndex(527)	11572	-20
CCIndex(229)	12957	-31

China Foreign Cotton (FC) Index : As on 27/01/2016

Index	Cents/lb	Change
FC Index (S)	73.07	-0.05
FC Index (M)	69.59	-0.17
FC Index (L)	67.22	-0.52

Cotlook Index: As on 27/01/2016

Cotlook Indices	Cents/Pound	Change
A-Index	68.20	-0.25

USDA Cotton Spot Rates: As on 27/01/2016

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.61	65.86	NIL
North Delta	61.11	63.86	704
South Delta	61.11	63.86	1144
East TX-OK	58.50	60.50	2324
West Texas	59.00	60.50	2312
Desert SW	57.61	63.86	275
SJ Valley	58.86	68.76	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 27/01/2016

Contract	Open	High	Low	Close	Change
16-Mar	61.35	61.47	60.70	60.86	-0.55
16-May	61.92	62.01	61.31	61.45	-0.56
16-Jul	62.24	62.38	61.82	61.98	-0.42
16-Oct	61.29	61.29	61.29	61.29	-0.39
16-Dec	61.72	61.83	61.36	61.50	-0.38
17-Mar	62.17	62.21	62.12	62.21	-0.38

Pakistan Cotton Spot rates: As on 27/01/2016 (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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