

Domestic Fundamentals:

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

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:

According to the latest ICAC weekly report, cotton exports on the global front are likely to be around 7.42 million tons in season 2015-16, around 0.3% lower when compared to the estimates of 7.44 million tons previous week and around 3.6% lower when compared to the exports of 7.70 million tons during the previous season.

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.

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	0.5	824	825	817	823	7377	1770	18389	-660
Spread	Feb-16		Apr-16						
Spot	--		137						
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 29 January 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-16	-20	16510	16590	16490	16540	827	77	519	-496
Feb-16	-20	16700	16700	16560	16600	2105	133	8833	-319
Mar-16	-40	16810	16810	16660	16690	964	208	5456	60
Apr-16	-70	16840	16870	16770	16790	198	141	578	127
Spread	Jan-16	Feb-16	Mar-16	Apr-16	--	--			
Spot	--								
Jan-16		-60							
Feb-16			-90						
Mar-16				-100					
Apr-16									

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

* Updated at 4:45 pm on 29 January 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	29-Jan-16	28-Jan-16	
Gujarat	Ahmedabad	Shankar-6	4800	4800	Unch
	Gondal	Shankar-6	4805	4780	25
	Rajkot	B.T. Cotton	4800	4900	-100
	Patan	B.T. Cotton	4790	4740	50
	Kadi	B.T. Cotton	4900	4900	Unch
	Deesa	B.T. Cotton	4565	NA	-
	Dhrol	B.T. Cotton	4815	4825	-10
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4850	4850	Unch
	Bhiwani	Desi	4700	4700	Unch
	Adampur	B.T. Cotton	NR	NR	-
	Fatehabad	B.T. Cotton	4625	4610	15
	Jind	B.T. Cotton	4738	4830	-92
	Uchana	B.T. Cotton	4764	4729	35
	Dabwali	B.T. Cotton	4600	NR	-
Rajasthan	Hanumangarh	B.T. Cotton	4700	4750	-50
	Rawatsar	B.T. Cotton	4550	4530	20
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	4650	4650	Unch
	Jamner	Medium Staple	4600	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NR	NR	-
	Hathras	Desi	NR	NR	-
Telangana	Adilabad	Un-Ginned	4430	4450	-20
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	4700	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	29-Jan-16	28-Jan-16	
Punjab	Bhatinda	J-34	3530	3530	Unch
	Abohar	J-34	3530	3540	-10
	Mansa	J-34	3510	3530	-20
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3520	3510	10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	29-Jan-16	28-Jan-16	
Gujarat	Ahmedabad	Shankar-6	68000	76500	-8500
	Gondal	Shankar-6	4580	4787	-207
	Rajkot	B.T. Cotton	4000	4800	-800
	Patan	B.T. Cotton	6645	7701	-1056
	Kadi	B.T. Cotton	55000	55000	Unch
	Deesa	B.T. Cotton	2275	NA	-
	Dhrol	B.T. Cotton	917	1065	-148
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1500	1000	500
	Bhiwani	Desi	100	100	Unch
	Adampur	B.T. Cotton	NR	NR	-
	Fatehabad	B.T. Cotton	700	600	100
	Jind	B.T. Cotton	510	102	408
	Uchana	B.T. Cotton	300	450	-150
	Dabwali	B.T. Cotton	150	NR	-
Rajasthan	Hanumangarh	B.T. Cotton	2000	1500	500
	Rawatsar	B.T. Cotton	200	300	-100
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	3000	2000	1000
	Jamner	Medium Staple	23	NA	-

Uttar Pradesh	Hathras	B.T. Cotton	NR	NR	-
	Hathras	Desi	NR	NR	-
Telangana	Adilabad	Un-Ginned	9719	11086	-1367
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	1515	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	29-Jan-16	28-Jan-16	
Punjab	Bhatinda	J-34	4250	4250	Unch
	Abohar	J-34	850	850	Unch
	Mansa	J-34	340	425	-85
Haryana	Sirsa	J-34	1020	680	340
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				28-Jan-16	27-Jan-16	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	30800	30800	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	31300	31300	Unch
J-34(202)	26mm	3.5 - 4.9	23	32400	32500	-100
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	32900	32900	Unch
Shankar-6(105)	29mm	3.5 – 4.9	28	33600	33600	Unch
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
		29-Jan-16	28-Jan-16	
Rajkot	Rs. /10 Kg.	572	570	2
New Delhi	Rs. /10 Kg.	575	575	Unch
Hyderabad	Rs. /10 Kg.	570	570	Unch
Mumbai	Rs. /10 Kg.	590	590	Unch

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

Centre	Unit	Price		Change
		29-Jan-16	28-Jan-16	
Mahesana (Kadi)	Rs./Qtl	2074	2041	33
Akola	Rs./Qtl	2060	2049	11

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 29/01/2016

Index	RMB/Ton	Change
CCIndex(328)	12348	-10
CCIndex(527)	11550	-22
CCIndex(229)	12938	-19

China Foreign Cotton (FC) Index : As on 29/01/2016

Index	Cents/lb	Change
FC Index (S)	72.67	-0.40
FC Index (M)	69.24	-0.35
FC Index (L)	67.21	-0.01

Cotlook Index: As on 28/01/2016

Cotlook Indices	Cents/Pound	Change
A-Index	67.70	-0.50

USDA Cotton Spot Rates: As on 28/01/2016

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	63.11	66.36	661
North Delta	61.61	64.36	NIL
South Delta	61.61	64.36	NIL
East TX-OK	59.00	60.75	1740
West Texas	59.50	60.75	6832
Desert SW	58.11	64.36	137
SJ Valley	59.36	69.26	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 28/01/2016

Contract	Open	High	Low	Close	Change
16-Mar	60.86	61.52	60.67	61.36	0.50
16-May	61.45	62.04	61.25	61.91	0.46
16-Jul	62.00	62.61	61.80	62.52	0.54
16-Oct	61.74	61.74	61.74	61.74	0.45
16-Dec	61.50	61.96	61.27	61.88	0.38
17-Mar	62.03	62.58	62.03	62.58	0.37

Pakistan Cotton Spot rates: As on 28/01/2016 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5450	135	5585
Equivalent	40 Kgs	5841	145	5986

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