

Domestic Fundamentals:

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

In The News: The government should not consider any proposal to relax duty and tax on the import of cotton from India, said the Pakistan Cotton Ginner Association (PGCA) as the same could hurt the domestic market by dumping of cheap raw material. It should be noted that government of Pakistan had imposed 10 per cent duty on imports of cotton yarn, grey and processed fabric specially coming from India which was effective from November 01, 2015.

A nine member committee has been constituted by central government to execute the cotton price control order that will set the prices farmers pay to seed companies to get cotton seeds. However the seed companies including Mahyco Monsanto are not happy with the decision of setting Maximum Sale Price (MSP) by government.

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.

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	-12	819	820	802	806.5	8802	1425	18463	74
Spread	Feb-16			Apr-16					
Spot	--			169.5					
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 01 February 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Jan-16	-30	16510	16590	16330	16530	955	128	398	-121
Feb-16	-90	16600	16600	16350	16470	1538	-567	8608	-225
Mar-16	-90	16660	16660	16530	16600	529	-435	5562	106
Apr-16	-70	16760	16760	16650	16730	113	-85	592	14
Spread	Jan-16	Feb-16	Mar-16	Apr-16	--				
Spot	--								
Jan-16		60							
Feb-16			-130						
Mar-16				-130					
Apr-16									

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

* Updated at 4:45 pm on 01 February 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	1-Feb-16	30-Jan-16	
Gujarat	Ahmedabad	Shankar-6	4800	4800	Unch
	Gondal	Shankar-6	4975	4810	165
	Rajkot	B.T. Cotton	4880	4835	45
	Patan	B.T. Cotton	4830	4835	-5
	Kadi	B.T. Cotton	4900	4900	Unch
	Deesa	B.T. Cotton	4555	4625	-70
	Dhrol	B.T. Cotton	4825	4755	70
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	4750	NR	-
	Fatehabad	B.T. Cotton	4680	4625	55
	Jind	B.T. Cotton	4771	4865	-94
	Uchana	B.T. Cotton	4800	4770	30
	Dabwali	B.T. Cotton	4630	4610	20
Rajasthan	Hanumangarh	B.T. Cotton	4750	4650	100
	Rawatsar	B.T. Cotton	4470	4560	-90
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	4600	4650	-50
	Jamner	Medium Staple	4600	4610	-10
Uttar Pradesh	Hathras	B.T. Cotton	NA	NR	-
	Hathras	Desi	NA	NR	-
Telangana	Adilabad	Un-Ginned	4400	4410	-10
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.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	NA	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	1-Feb-16	30-Jan-16	
Punjab	Bhatinda	J-34	3540	3530	10
	Abohar	J-34	3535	3535	Unch
	Mansa	J-34	3500	3500	Unch
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3540	3520	20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	1-Feb-16	30-Jan-16	
Gujarat	Ahmedabad	Shankar-6	51000	59500	-8500
	Gondal	Shankar-6	3666	3381	285
	Rajkot	B.T. Cotton	3000	4000	-1000
	Patan	B.T. Cotton	6925	5540	1385
	Kadi	B.T. Cotton	70000	65000	5000
	Deesa	B.T. Cotton	875	350	525
	Dhrol	B.T. Cotton	937	913	24
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1000	3000	-2000
	Bhiwani	Desi	200	NA	-
	Adampur	B.T. Cotton	255	NR	-
	Fatehabad	B.T. Cotton	500	650	-150
	Jind	B.T. Cotton	510	714	-204
	Uchana	B.T. Cotton	500	700	-200
	Dabwali	B.T. Cotton	325	110	215
Rajasthan	Hanumangarh	B.T. Cotton	1000	1500	-500
	Rawatsar	B.T. Cotton	250	60	190
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	4500	3000	1500
	Jamner	Medium Staple	30	25	5

Uttar Pradesh	Hathras	B.T. Cotton	NA	NR	-
	Hathras	Desi	NA	NR	-
Telangana	Adilabad	Un-Ginned	7337	8726	-1389
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	1-Feb-16	30-Jan-16	
Punjab	Bhatinda	J-34	4250	3400	850
	Abohar	J-34	1190	680	510
	Mansa	J-34	425	425	Unch
Haryana	Sirsa	J-34	1700	850	850
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				30-Jan-16	29-Jan-16	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	30600	30600	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	31100	31100	Unch
J-34(202)	26mm	3.5 - 4.9	23	32500	32400	100
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	33000	33000	Unch
Shankar-6(105)	29mm	3.5 – 4.9	28	33700	33700	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34900	34900	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36100	36100	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
		1-Feb-16	30-Jan-16	
Rajkot	Rs. /10 Kg.	580	575	5
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
		1-Feb-16	30-Jan-16	
Mahesana (Kadi)	Rs./Qtl	2060	2071	-11
Akola	Rs./Qtl	2055	2061	-6

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 1/02/2016

Index	RMB/Ton	Change
CCIndex(328)	12333	-15
CCIndex(527)	11549	-1
CCIndex(229)	12928	-10

China Foreign Cotton (FC) Index : As on 1/02/2016

Index	Cents/lb	Change
FC Index (S)	72.32	-0.35
FC Index (M)	68.95	-0.29
FC Index (L)	66.93	-0.28

Cotlook Index: As on 29/01/2016

Cotlook Indices	Cents/Pound	Change
A-Index	68.20	0.50

USDA Cotton Spot Rates: As on 29/01/2016

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	62.88	66.13	NIL
North Delta	61.38	64.13	NIL
South Delta	61.38	64.13	NIL
East TX-OK	59.00	60.75	2638
West Texas	59.25	60.50	7513
Desert SW	57.88	64.13	NIL
SJ Valley	59.13	69.03	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 29/01/2016

Contract	Open	High	Low	Close	Change
16-Mar	61.34	61.89	60.76	61.13	-0.23
16-May	61.91	62.28	61.26	61.60	-0.31
16-Jul	62.52	62.76	61.77	61.93	-0.59
16-Oct	61.18	61.18	61.18	61.18	-0.56
16-Dec	61.88	62.00	61.23	61.39	-0.49
17-Mar	62.00	62.11	62.00	62.11	-0.47

Pakistan Cotton Spot rates: As on 30/01/2016 (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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