

### Domestic Fundamentals:

**Market Outlook:** Cotton spot prices noticed mostly weak tone on Tuesday.

**In The News:** According to the second advance estimates released by the State agriculture department of Rajasthan, cotton production in the state is likely to be around 9.55 lakh bales around 38% lower as compared to the previous estimates of 15.36 lakh bales which were forecasted in September. Last season the state produced around 15.27 lakh bales of cotton, said the department.

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 farmers are holding back their produce in the anticipation of better prices in future, cotton stocks have 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.

### International Fundamentals:

According to the latest estimates by International cotton Advisory Committee (ICAC), cotton production on the global front during the season 2016-17 would be around 23.08 million tons, around 2.8% higher when compared to the estimates of 22.46 million tons in the current season.

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.

### 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	-5.5	806.5	809	799.5	802	9770	968	18268	-195
Spread	Feb-16			Apr-16					
Spot	--			158					
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 02 February 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-16	-40	16510	16520	16440	16460	1192	-346	8003	-605
Mar-16	-50	16640	16670	16580	16610	549	20	5701	139
Apr-16	-40	16790	16800	16720	16750	176	63	653	61
Spread	Feb-16	Mar-16	Apr-16	--	--	--			
Spot	--								
Feb-16		-150							
Mar-16			-140						
Apr-16									

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

\* Updated at 4:45 pm on 02 February 2016

**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	2-Feb-16	1-Feb-16	
Gujarat	Ahmedabad	Shankar-6	4800	4800	Unch
	Gondal	Shankar-6	4755	4975	-220
	Rajkot	B.T. Cotton	4800	4880	-80
	Patan	B.T. Cotton	4785	4830	-45
	Kadi	B.T. Cotton	4875	4900	-25
	Deesa	B.T. Cotton	NA	4555	-
	Dhrol	B.T. Cotton	4820	4825	-5
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4850	4850	Unch
	Bhiwani	Desi	4670	4700	-30
	Adampur	B.T. Cotton	4700	4750	-50
	Fatehabad	B.T. Cotton	4680	4680	Unch
	Jind	B.T. Cotton	4800	4771	29
	Uchana	B.T. Cotton	4760	4800	-40
	Dabwali	B.T. Cotton	4570	4630	-60
Rajasthan	Hanumangarh	B.T. Cotton	4750	4750	Unch
	Rawatsar	B.T. Cotton	4570	4470	100
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	4750	4600	150
	Jamner	Medium Staple	4600	4600	Unch
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4390	4400	-10
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4100	4100	Unch
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	4893	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	4750	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	2-Feb-16	1-Feb-16	
Punjab	Bhatinda	J-34	3545	3540	5
	Abohar	J-34	3540	3535	5
	Mansa	J-34	3520	3500	20
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3530	3540	-10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	2-Feb-16	1-Feb-16	
Gujarat	Ahmedabad	Shankar-6	68000	51000	17000
	Gondal	Shankar-6	3999	3666	333
	Rajkot	B.T. Cotton	3600	3000	600
	Patan	B.T. Cotton	8150	6925	1225
	Kadi	B.T. Cotton	60000	70000	-10000
	Deesa	B.T. Cotton	NA	875	-
	Dhrol	B.T. Cotton	809	937	-128
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1500	1000	500
	Bhiwani	Desi	NA	200	-
	Adampur	B.T. Cotton	170	255	-85
	Fatehabad	B.T. Cotton	750	500	250
	Jind	B.T. Cotton	340	510	-170
	Uchana	B.T. Cotton	600	500	100
	Dabwali	B.T. Cotton	245	325	-80
Rajasthan	Hanumangarh	B.T. Cotton	1300	1000	300
	Rawatsar	B.T. Cotton	200	250	-50
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	3000	4500	-1500
	Jamner	Medium Staple	36	30	6

<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
<b>Telangana</b>	Adilabad	Un-Ginned	10020	7337	2683
<b>Andhra Pradesh</b>	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
<b>Karnataka</b>	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	72	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	1507	NA	-
<b>Commodity</b>	<b>Lint</b>		<b>Arrivals (Quintal)</b>		<b>Change</b>
<b>State</b>	<b>Centre</b>	<b>Variety</b>	<b>2-Feb-16</b>	<b>1-Feb-16</b>	
<b>Punjab</b>	Bhatinda	J-34	4250	4250	Unch
	Abohar	J-34	1020	1190	-170
	Mansa	J-34	510	425	85
<b>Haryana</b>	Sirsa	J-34	1700	1700	Unch
<b>Rajasthan</b>	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				1-Feb-16	30-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	32500	Unch
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	36400	36100	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
		2-Feb-16	1-Feb-16	
Rajkot	Rs. /10 Kg.	570	580	<b>-10</b>
New Delhi	Rs. /10 Kg.	550	575	<b>-25</b>
Hyderabad	Rs. /10 Kg.	NR	570	-
Mumbai	Rs. /10 Kg.	590	590	<b>Unch</b>

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

Centre	Unit	Price		Change
		2-Feb-16	1-Feb-16	
Mahesana (Kadi)	Rs./Qtl	2046	2060	<b>-14</b>
Akola	Rs./Qtl	2049	2055	<b>-6</b>

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 2/02/2016**

Index	RMB/Ton	Change
CCIndex(328)	12328	<b>-5</b>
CCIndex(527)	11533	<b>-16</b>
CCIndex(229)	12927	<b>-1</b>

**China Foreign Cotton (FC) Index : As on1/02/2016**

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

**Cotlook Index: As on 1/02/2016**

Cotlook Indices	Cents/Pound	Change
A-Index	67.95	<b>-0.25</b>

**USDA Cotton Spot Rates: As on 1/02/2016**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
<b>Southeast</b>	63.54	66.79	<b>140</b>
<b>North Delta</b>	62.04	64.79	<b>NIL</b>
<b>South Delta</b>	62.04	64.79	<b>NIL</b>
<b>East TX-OK</b>	60.00	61.75	<b>3107</b>
<b>West Texas</b>	60.00	61.25	<b>4664</b>
<b>Desert SW</b>	58.54	64.79	<b>NIL</b>
<b>SJ Valley</b>	59.79	69.69	<b>NIL</b>

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 1/02/2016**

Contract	Open	High	Low	Close	Change
<b>16-Mar</b>	60.85	62.00	60.85	61.79	<b>0.66</b>
<b>16-May</b>	61.51	62.39	61.41	62.20	<b>0.60</b>
<b>16-Jul</b>	61.93	62.59	61.87	62.39	<b>0.46</b>
<b>16-Oct</b>	61.61	61.61	61.61	61.61	<b>0.43</b>
<b>16-Dec</b>	61.39	61.97	61.38	61.84	<b>0.45</b>
<b>17-Mar</b>	62.07	62.88	62.07	62.75	<b>0.64</b>

**Pakistan Cotton Spot rates: As on 1/02/2016 (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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