

Domestic Fundamentals:

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

In The News: Mahyco Monsanto, a joint venture of US agriculture company Monsanto and Indian counterpart Maharashtra Hybrid seeds Company (Mahyco) has moved to Delhi High Court once again, requesting a stay on the functioning of the a nine member committee formed to set the maximum selling price (MSP) of cotton seed.

Cotton exports from India are likely to stand around 21.27% higher at 70 lakh bales this season that is 2015-16 as compared to 57.72 lakh bales previous season, according to the Textile Commissioner. The rise in exports is basically due to the drastic rise in cotton imports by Pakistan following the crop damage in the Punjab region of the country. Around 16.60 lakh bales of cotton has been imported by Pakistan so far in the current season as compared to the 3.79 lakh bales in the entire season of 2014-15.

India is likely to produce 35.2 million bales of cotton in season 2015-16, 3.6 percent lower as compared to previous estimates, according to a senior government official. Last year the country produced around 38 million bales of cotton.

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.

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	-3.5	790	790.5	781	787.5	8955	-148	18509	-446
Spread	Feb-16		Apr-16						
Spot	--		165.5						
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 05 February 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-16	-120	16450	16450	16340	16390	2065	1003	7014	-253
Mar-16	-110	16530	16540	16450	16500	1367	719	6078	43
Apr-16	-100	16660	16660	16580	16640	483	380	1084	276
May-16	-200	16750	16750	16750	16750	2	--	3	--
Spread	Feb-16	Mar-16	Apr-16	May-16	--	--			
Spot	--								
Feb-16		-110							
Mar-16			-140						
Apr-16				-110					

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

* Updated at 4:45 pm on 05 February 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	5-Feb-16	4-Feb-16	
Gujarat	Ahmedabad	Shankar-6	4750	4700	50
	Gondal	Shankar-6	4735	4755	-20
	Rajkot	B.T. Cotton	4765	4815	-50
	Patan	B.T. Cotton	4740	4775	-35
	Kadi	B.T. Cotton	4750	4900	-150
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4725	4855	-130
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4825	4850	-25
	Bhiwani	Desi	4550	4650	-100
	Adampur	B.T. Cotton	4650	4725	-75
	Fatehabad	B.T. Cotton	4610	4670	-60
	Jind	B.T. Cotton	4850	4825	25
	Uchana	B.T. Cotton	4792	4780	12
	Dabwali	B.T. Cotton	4535	4620	-85
Rajasthan	Hanumangarh	B.T. Cotton	4700	4700	Unch
	Rawatsar	B.T. Cotton	4550	4580	-30
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	4750	4750	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4350	4370	-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.	4869	4793	76
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	4750	4750	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	5-Feb-16	4-Feb-16	
Punjab	Bhatinda	J-34	3535	3560	-25
	Abohar	J-34	3560	3560	Unch

	Mansa	J-34	3530	3525	5
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3520	3540	-20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	5-Feb-16	4-Feb-16	
Gujarat	Ahmedabad	Shankar-6	62900	62900	Unch
	Gondal	Shankar-6	3601	4041	-440
	Rajkot	B.T. Cotton	3200	3600	-400
	Patan	B.T. Cotton	3578	4850	-1272
	Kadi	B.T. Cotton	85000	50000	35000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	693	708	-15
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1500	2000	-500
	Bhiwani	Desi	NA	100	-
	Adampur	B.T. Cotton	212.5	255	-43
	Fatehabad	B.T. Cotton	700	550	150
	Jind	B.T. Cotton	255	136	119
	Uchana	B.T. Cotton	670	500	170
	Dabwali	B.T. Cotton	125	200	-75
Rajasthan	Hanumangarh	B.T. Cotton	1300	1200	100
	Rawatsar	B.T. Cotton	150	200	-50
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	1500	2000	-500
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	6431	7265	-834
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.	6	70	-64
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	1507	1455	52
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	5-Feb-16	4-Feb-16	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	1360	765	595
	Mansa	J-34	425	425	Unch
Haryana	Sirsa	J-34	1360	1700	-340
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				4-Feb-16	3-Feb-16	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	29800	29800	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	30300	30300	Unch
J-34(202)	26mm	3.5 - 4.9	23	32600	32600	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	33000	33000	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	33800	33800	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34900	34900	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36700	36700	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
		5-Feb-16	4-Feb-16	
Rajkot	Rs. /10 Kg.	575	573	2
New Delhi	Rs. /10 Kg.	540	550	-10
Hyderabad	Rs. /10 Kg.	575	575	Unch
Mumbai	Rs. /10 Kg.	600	595	5

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

Centre	Unit	Price		Change
		5-Feb-16	4-Feb-16	
Mahesana (Kadi)	Rs./Qtl	2031	2047	-16
Akola	Rs./Qtl	2043	2055	-12

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 5-Feb-2016

Index	RMB/Ton	Change
CCIndex(328)	12311	-6
CCIndex(527)	11519	-9
CCIndex(229)	12913	-6

China Foreign Cotton (FCE) Index : As on 3-Feb-2016

Index	Cents/lb	Change
FC Index (S)	73.59	0.72
FC Index (M)	70.16	0.66
FC Index (L)	68.13	0.54

Cotlook Index: As on 4-Feb-2016

Cotlook Indices	Cents/Pound	Change
A-Index	68.70	-0.25

USDA Cotton Spot Rates: As on 4-Feb-2016

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	61.98	65.23	3811
North Delta	60.48	63.23	Nil
South Delta	60.48	63.23	Nil
East TX-OK	57.75	59.50	376
West Texas	57.75	59.00	4443
Desert SW	56.98	63.23	Nil
SJ Valley	58.23	68.13	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 4-Feb-2016

Contract	Open	High	Low	Close	Change
16-Mar	61.89	61.89	59.99	60.23	-1.71
16-May	62.34	62.37	60.42	60.70	-1.71
16-Jul	62.79	62.80	60.98	61.27	-1.50
16-Oct	60.91	60.91	60.91	60.91	-1.41
16-Dec	62.50	62.55	60.90	61.26	-1.36
17-Mar	63.10	63.24	61.80	62.17	-1.36

Pakistan Cotton Spot rates: As on 4-Feb-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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