

Domestic Fundamentals:

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

In The News: Monthly cotton exports during January noticed a downtrend as the demand from overseas remained weak during the month. Country exported 8.85 lakh bales of cotton during January around 46.8% lower compared to the exports of 16.64 lakh bales previous month and 32% higher compared to the exports of 6.71 lakh bales during the corresponding month last year, according to custom data released by IBIS. The major export destinations during January were Bangladesh, Pakistan, Vietnam, Malaysia and Indonesia. Total exports in the current season so far (during the period of October'15 to January'16) stood at 42.6 lakh bales around 63.6% higher when compared to 26.04 lakh bales, the export during the corresponding period last season i.e. 2014-15.

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.

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	6-Feb-16	5-Feb-16	
Gujarat	Ahmedabad	Shankar-6	4750	4750	Unch
	Gondal	Shankar-6	4755	4735	20
	Rajkot	B.T. Cotton	NA	4765	-
	Patan	B.T. Cotton	4745	4740	5
	Kadi	B.T. Cotton	4750	4750	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4860	4725	135
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4825	4825	Unch
	Bhiwani	Desi	4550	4550	Unch
	Adampur	B.T. Cotton	4700	4650	50
	Fatehabad	B.T. Cotton	4600	4610	-10
	Jind	B.T. Cotton	4747	4850	-103
	Uchana	B.T. Cotton	4760	4792	-32
	Dabwali	B.T. Cotton	4500	4535	-35
Rajasthan	Hanumangarh	B.T. Cotton	4650	4700	-50
	Rawatsar	B.T. Cotton	4520	4550	-30
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	4750	4750	Unch
	Jamner	Medium Staple	4600	4600	Unch
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4340	4350	-10
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	4100	-
	East Godavari	Un-Ginned	NA	4100	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	4869	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	4730	4750	-20
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	6-Feb-16	5-Feb-16	
Punjab	Bhatinda	J-34	3535	3535	Unch
	Abohar	J-34	3520	3560	-40

	Mansa	J-34	3515	3530	-15
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3510	3520	-10
Rajasthan	Sri-Ganganagar	J-34	4418	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	6-Feb-16	5-Feb-16	
Gujarat	Ahmedabad	Shankar-6	62900	62900	Unch
	Gondal	Shankar-6	3594	3601	-7
	Rajkot	B.T. Cotton	NA	3200	-
	Patan	B.T. Cotton	5071	3578	1493
	Kadi	B.T. Cotton	85000	85000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	847	693	154
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1000	1500	-500
	Bhiwani	Desi	20	NA	-
	Adampur	B.T. Cotton	213	213	Unch
	Fatehabad	B.T. Cotton	550	700	-150
	Jind	B.T. Cotton	102	255	-153
	Uchana	B.T. Cotton	856	670	186
	Dabwali	B.T. Cotton	250	125	125
Rajasthan	Hanumangarh	B.T. Cotton	2000	1300	700
	Rawatsar	B.T. Cotton	150	150	Unch
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	2000	1500	500
	Jamner	Medium Staple	37	31	6
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	7609	6431	1178
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	6	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	1200	1507	-307
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	6-Feb-16	5-Feb-16	
Punjab	Bhatinda	J-34	5100	5100	Unch
	Abohar	J-34	850	1360	-510
	Mansa	J-34	425	425	Unch
Haryana	Sirsa	J-34	1700	1360	340
Rajasthan	Sri-Ganganagar	J-34	2000	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				5-Feb-16	4-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
		6-Feb-16	5-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
		6-Feb-16	5-Feb-16	
Mahesana (Kadi)	Rs./Qtl	2031	2047	-16
Akola	Rs./Qtl	2043	2055	-12

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 6-Feb-2016

Index	RMB/Ton	Change
CCIndex(328)	12308	-3
CCIndex(527)	11512	-7
CCIndex(229)	12905	-8

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 5-Feb-2016

Cotlook Indices	Cents/Pound	Change
A-Index	67.25	-1.45

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	61.72	64.97	356
North Delta	60.22	62.97	NIL
South Delta	60.22	62.97	NIL
East TX-OK	57.75	59.50	217
West Texas	57.75	59.00	1010
Desert SW	56.97	63.22	1500
SJ Valley	57.97	67.87	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 5-Feb-2016

Contract	Open	High	Low	Close	Change
16-Mar	60.25	60.59	59.83	59.97	-0.26
16-May	60.95	61.13	60.41	60.60	-0.10
16-Jul	61.37	61.67	61.07	61.30	0.03
16-Oct	61.00	61.00	61.00	61.00	0.09
16-Dec	61.24	61.59	61.01	61.38	0.12
17-Mar	62.40	62.40	62.05	62.29	0.12

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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