

Domestic Fundamentals:

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

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	1.5	788	792	784.5	786	8125	-830	17940	-569

Spread	Feb-16	Apr-16
Spot	--	167
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 08 February 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-16	-40	16270	16310	16210	16260	1129	-936	6942	-72
Mar-16	-70	16430	16450	16370	16380	801	-566	6403	325
Apr-16	-60	16550	16570	16500	16520	178	-305	1252	168
May-16	--	--	--	--	--	--	--	--	--

Spread	Feb-16	Mar-16	Apr-16	May-16	--	--
Spot	--					
Feb-16		-120				
Mar-16			-140			
Apr-16				--		

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

* Updated at 4:45 pm on 08 February 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	8-Feb-16	6-Feb-16	
Gujarat	Ahmedabad	Shankar-6	4750	4750	Unch
	Gondal	Shankar-6	4725	4755	-30
	Rajkot	B.T. Cotton	NA	NA	-
	Patan	B.T. Cotton	4715	4745	-30
	Kadi	B.T. Cotton	4750	4750	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4755	4860	-105
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4825	4825	Unch
	Bhiwani	Desi	4650	4550	100
	Adampur	B.T. Cotton	4675	4700	-25
	Fatehabad	B.T. Cotton	4600	4600	Unch
	Jind	B.T. Cotton	4790	4747	43
	Uchana	B.T. Cotton	4720	4760	-40
	Dabwali	B.T. Cotton	4525	4500	25
Rajasthan	Hanumangarh	B.T. Cotton	4600	4650	-50
	Rawatsar	B.T. Cotton	Closed	4520	-
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	Closed	4750	-
	Jamner	Medium Staple	4600	4600	Unch
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4340	4340	Unch
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	4730	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	8-Feb-16	6-Feb-16	
Punjab	Bhatinda	J-34	3510	3535	-25
	Abohar	J-34	3430	3520	-90

	Mansa	J-34	3525	3515	10
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3500	3510	-10
Rajasthan	Sri-Ganganagar	J-34	NR	NR	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	8-Feb-16	6-Feb-16	
Gujarat	Ahmedabad	Shankar-6	59500	62900	-3400
	Gondal	Shankar-6	4146	3594	552
	Rajkot	B.T. Cotton	NA	NA	-
	Patan	B.T. Cotton	4330	5071	-741
	Kadi	B.T. Cotton	70000	85000	-15000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	908	847	61
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1500	1000	500
	Bhiwani	Desi	50	20	30
	Adampur	B.T. Cotton	425	213	213
	Fatehabad	B.T. Cotton	500	550	-50
	Jind	B.T. Cotton	170	102	68
	Uchana	B.T. Cotton	796	856	-60
	Dabwali	B.T. Cotton	200	250	-50
Rajasthan	Hanumangarh	B.T. Cotton	700	2000	-1300
	Rawatsar	B.T. Cotton	Closed	150	-
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	Closed	2000	-
	Jamner	Medium Staple	40	37	3
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	NA	7609	-
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	1200	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	8-Feb-16	6-Feb-16	
Punjab	Bhatinda	J-34	4250	5100	-850
	Abohar	J-34	850	850	Unch
	Mansa	J-34	510	425	85
Haryana	Sirsa	J-34	850	1700	-850
Rajasthan	Sri-Ganganagar	J-34	NR	NR	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				6-Feb-16	5-Feb-16	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	29500	29600	-100
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	30000	30100	-100
J-34(202)	26mm	3.5 - 4.9	23	32300	32400	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32700	32800	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	33500	33600	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34600	34700	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36600	36700	-100
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
		8-Feb-16	6-Feb-16	
Rajkot	Rs. /10 Kg.	575	573	2
New Delhi	Rs. /10 Kg.	540	540	Unch
Hyderabad	Rs. /10 Kg.	575	575	Unch
Mumbai	Rs. /10 Kg.	598	595	3

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

Centre	Unit	Price		Change
		8-Feb-16	6-Feb-16	
Mahesana (Kadi)	Rs./Qtl	2046	2028	18
Akola	Rs./Qtl	2050	2040	10

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 5-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 6-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

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2016 Indian Agribusiness Systems Pvt. Ltd.