

Domestic Fundamentals:

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

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	779.5	782	772	779	9003	878	16772	-1168

Spread	Feb-16	Apr-16
Spot	--	174
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 09 February 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-16	-50	16130	16170	15960	16050	2038	909	6489	-453
Mar-16	-70	16270	16300	16070	16170	2729	1928	5502	-901
Apr-16	-90	16390	16390	16190	16280	797	619	1516	264
May-16	-290	16490	16490	16380	16400	26	24	23	20

Spread	Feb-16	Mar-16	Apr-16	May-16	--	--
Spot	--					
Feb-16		-120				
Mar-16			-110			
Apr-16				-120		

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

* Updated at 4:45 pm on 09 February 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	9-Feb-16	8-Feb-16	
Gujarat	Ahmedabad	Shankar-6	4675	4750	-75
	Gondal	Shankar-6	4725	4725	Unch
	Rajkot	B.T. Cotton	NA	NA	-
	Patan	B.T. Cotton	4730	4715	15
	Kadi	B.T. Cotton	4750	4750	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	4755	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4800	4825	-25
	Bhiwani	Desi	4550	4650	-100
	Adampur	B.T. Cotton	4615	4675	-60
	Fatehabad	B.T. Cotton	4580	4600	-20
	Jind	B.T. Cotton	4750	4790	-40
	Uchana	B.T. Cotton	4700	4720	-20
	Dabwali	B.T. Cotton	4500	4525	-25
Rajasthan	Hanumangarh	B.T. Cotton	4600	4600	Unch
	Rawatsar	B.T. Cotton	4500	Closed	-
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	4700	Closed	-
	Jamner	Medium Staple	4550	4600	-50
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4300	4340	-40
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4100	NA	-
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	4693	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	4600	NA	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	9-Feb-16	8-Feb-16	
Punjab	Bhatinda	J-34	3510	3510	Unch
	Abohar	J-34	3520	3430	90

	Mansa	J-34	3500	3525	-25
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3490	3500	-10
Rajasthan	Sri-Ganganagar	J-34	NR	NR	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	9-Feb-16	8-Feb-16	
Gujarat	Ahmedabad	Shankar-6	59500	59500	Unch
	Gondal	Shankar-6	4003	4146	-143
	Rajkot	B.T. Cotton	NA	NA	-
	Patan	B.T. Cotton	3960	4330	-370
	Kadi	B.T. Cotton	65000	70000	-5000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	908	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	2000	1500	500
	Bhiwani	Desi	NA	50	-
	Adampur	B.T. Cotton	425	425	Unch
	Fatehabad	B.T. Cotton	600	500	100
	Jind	B.T. Cotton	102	170	-68
	Uchana	B.T. Cotton	200	796	-596
	Dabwali	B.T. Cotton	200	200	Unch
Rajasthan	Hanumangarh	B.T. Cotton	1500	700	800
	Rawatsar	B.T. Cotton	250	Closed	-
Madhya Pradesh	Khandwa	Mech-1	NR	NR	-
	Khargaon	Mech-1	NR	NR	-
Maharashtra	Amravati	Mech-1	2000	Closed	-
	Jamner	Medium Staple	36	40	-4
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	5800	NA	-
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.	58	NA	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	877	NA	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	9-Feb-16	8-Feb-16	
Punjab	Bhatinda	J-34	4250	4250	Unch
	Abohar	J-34	680	850	-170
	Mansa	J-34	425	510	-85
Haryana	Sirsa	J-34	850	850	Unch
Rajasthan	Sri-Ganganagar	J-34	NR	NR	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength / GPT	Rs. Per Candy		Change
				8-Feb-16	6-Feb-16	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	29500	29500	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	30000	30000	Unch
J-34(202)	26mm	3.5 - 4.9	23	32300	32300	Unch
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	32500	32700	-200
Shankar-6(105)	29mm	3.5 – 4.9	28	33400	33500	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34500	34600	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36600	36600	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
		9-Feb-16	8-Feb-16	
Rajkot	Rs. /10 Kg.	575	575	Unch
New Delhi	Rs. /10 Kg.	540	540	Unch
Hyderabad	Rs. /10 Kg.	575	575	Unch
Mumbai	Rs. /10 Kg.	595	598	-3

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

Centre	Unit	Price		Change
		9-Feb-16	8-Feb-16	
Mahesana (Kadi)	Rs./Qtl	2046	2046	Unch
Akola	Rs./Qtl	2050	2050	Unch

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 8-Feb-2016

Index	Cents/lb	Change
FC Index (S)	73.01	-0.89
FC Index (M)	69.74	-0.97
FC Index (L)	67.37	-1.16

Cotlook Index: As on 8-Feb-2016

Cotlook Indices	Cents/Pound	Change
A-Index	67.00	-0.25

USDA Cotton Spot Rates: As on 8-Feb-2016

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	61.35	64.60	Nil
North Delta	59.85	62.60	Nil
South Delta	59.85	62.60	Nil
East TX-OK	57.50	59.25	272
West Texas	57.50	58.75	1722
Desert SW	56.60	62.85	337
SJ Valley	57.60	67.50	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 8-Feb-2016

Contract	Open	High	Low	Close	Change
16-Mar	59.95	60.12	58.75	59.60	-0.37
16-May	60.60	60.75	59.51	60.36	-0.24
16-Jul	61.30	61.45	60.18	61.00	-0.30
16-Oct	60.63	60.88	60.63	60.88	-0.12
16-Dec	61.27	61.53	60.20	61.18	-0.20
17-Mar	61.81	62.03	61.19	62.03	-0.26

Pakistan Cotton Spot rates: As on 8-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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