

Domestic Fundamentals:

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

In The News: The Foreign Agriculture Services (FAS), division of USDA has lowered the production forecast for India in its latest report to 356 lakh bales. The reason for the downfall in the revision is lower yield expectation in Punjab and Haryana due to the attack of white fly and impact of pink bollworm in Gujarat.

Total cotton arrival till January 27 this season remained 144.07 lakh bales (of 170 Kg each), around 30% lower as compared to 206.76 lakh bales previous season during the same period, according to Cotton Corporation of India.

According to the industry sources, Cotton Corporation of India (CCI) has auctioned most of its stocks it procured under MSP operation in 2015-14 and currently it is holding 25000 bales (of 170 Kg each) of cotton.

India is likely to export 1.24 million tons (around 73 lakh bales of 170 kg each) of cotton in season 2015-16, around 9% higher than the estimates of previous month which was 1.26 million tons and around 36% higher as compared to 0.91 (around 53.76 lakh bales) million tons, the volume it exported in the previous season, according to USDA.

India exported 2.29 lakh bales of cotton last week (01 Feb-07 Feb 2016), which was 2.23 lakh bales previous to last week (25 Jan-31 Jan 2016), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.104 lakh bales last week, which was 0.069 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 0.87 lakh bales of cotton in the past week (01 Feb-07 Feb 2016). Other major importers were Pakistan, Vietnam, Indonesia and China and their imported volumes were 0.83 lakh bales, 0.21 lakh bales, 0.15 lakh bales and 0.08 lakh bales respectively. India imported cotton from Greece, Argentina, Australia followed by USA and Egypt. The respective volumes these countries exported to India during the week are 0.029 lakh bales, 0.024 lakh bales, 0.018 lakh bales, 0.014 lakh bales, 0.009 Lakh Bales.

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.

International Fundamentals:

According to USDA latest report, USA cotton exports would stand around 2.07 million tons, around 5% lower compared to the estimates of previous month i.e. 2.18 million tons and around 15.5% lower than the exports of previous year i.e. 2.45 million tons. Following the lower exports expectation, the cotton prices in the region are moving weaker.

According to USDA latest report, World cotton production would be around 22.07 million tons in 2015-16, around 0.2% lower as compared to the estimates of previous month i.e. 22.11 million tons and around 15% lower than the production of previous year i.e. 25.94 million tons.

World cotton exports figures further slashed down by USDA. It expects that global cotton exports would be around 7.64 million tons, around 2.6% lower as compared to the estimates of previous month and around 0.8% lower as compared to the exports during previous season.

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	794	800	785	792	10655	4285	18551	17
Spread	Feb-16			Apr-16					
Spot	--			168					
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 16 February 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-16	70	16330	16370	16290	16350	934	-57	4383	-390
Mar-16	90	16400	16500	16400	16480	1599	-272	6745	390
Apr-16	60	16530	16620	16530	16570	147	-75	1796	47
May-16	120	16680	16690	16640	16680	7	1	66	0
Spread	Feb-16	Mar-16	Apr-16	May-16	--		--		
Spot	--								
Feb-16		-130							
Mar-16			-90						
Apr-16				-110					

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

* Updated at 4:45 pm on 16 February 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	16-Feb-16	15-Feb-16	
Gujarat	Ahmedabad	Shankar-6	4750	4750	Unch
	Gondal	Shankar-6	4770	4720	50
	Rajkot	B.T. Cotton	4800	4760	40
	Patan	B.T. Cotton	4805	4765	40
	Kadi	B.T. Cotton	4800	4800	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4695	4735	-40
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4900	4900	Unch
	Bhiwani	Desi	4750	4600	150
	Adampur	B.T. Cotton	4700	4675	25
	Fatehabad	B.T. Cotton	4680	4640	40
	Jind	B.T. Cotton	4760	4750	10
	Uchana	B.T. Cotton	4650	4700	-50
	Dabwali	B.T. Cotton	4535	4540	-5
Rajasthan	Hanumangarh	B.T. Cotton	4700	4700	Unch
	Rawatsar	B.T. Cotton	4520	4510	10
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	4720	4700	20
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4300	4290	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	4793	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	4701	4700	1
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	16-Feb-16	15-Feb-16	
Punjab	Bhatinda	J-34	3530	3500	30
	Abohar	J-34	3540	3500	40

	Mansa	J-34	NA	3500	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3520	3500	20
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	16-Feb-16	15-Feb-16	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	1776	3834	-2058
	Rajkot	B.T. Cotton	2000	2700	-700
	Patan	B.T. Cotton	2354	3197	-843
	Kadi	B.T. Cotton	65000	55000	10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	749	774	-25
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1500	1500	Unch
	Bhiwani	Desi	100	100	Unch
	Adampur	B.T. Cotton	595	595	Unch
	Fatehabad	B.T. Cotton	400	500	-100
	Jind	B.T. Cotton	51	51	Unch
	Uchana	B.T. Cotton	589	100	489
	Dabwali	B.T. Cotton	90	110	-20
Rajasthan	Hanumangarh	B.T. Cotton	800	1000	-200
	Rawatsar	B.T. Cotton	200	100	100
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	1800	1500	300
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4849	4017	832
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	52	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	510	975	-465
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	16-Feb-16	15-Feb-16	
Punjab	Bhatinda	J-34	3740	4250	-510
	Abohar	J-34	935	850	85
	Mansa	J-34	NA	340	-
Haryana	Sirsa	J-34	850	850	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength / GPT	Rs. Per Candy		Change
				15-Feb-16	13-Feb-16	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	29500	29300	200
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	30000	29800	200
J-34(202)	26mm	3.5 - 4.9	23	32300	32100	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32400	32300	100
Shankar-6(105)	29mm	3.5 - 4.9	28	33500	33200	300
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34700	34500	200
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
		16-Feb-16	15-Feb-16	
Rajkot	Rs. /10 Kg.	575	572	3
New Delhi	Rs. /10 Kg.	540	540	Unch
Hyderabad	Rs. /10 Kg.	570	575	-5
Mumbai	Rs. /10 Kg.	600	600	Unch

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

Centre	Unit	Price		Change
		16-Feb-16	15-Feb-16	
Mahesana (Kadi)	Rs./Qtl	2056	2053	3
Akola	Rs./Qtl	2055	2046	9

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 16-Feb-2016

Index	RMB/Ton	Change
CCIndex(328)	12280	-16
CCIndex(527)	11498	-7
CCIndex(229)	12888	-11

China Foreign Cotton (FCE) Index : As on 16-Feb-2016

Index	Cents/lb	Change
FC Index (S)	70.19	Unch
FC Index (M)	67.53	Unch
FC Index (L)	65.15	Unch

Cotlook Index: As on 15-Feb-2016

Cotlook Indices	Cents/Pound	Change
A-Index	65.80	0.10

USDA Cotton Spot Rates: As on 12-Feb-2016

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	60.65	63.90	Nil
North Delta	59.15	61.90	Nil
South Delta	59.15	61.90	Nil
East TX-OK	56.75	58.50	2785
West Texas	56.75	58.00	5458
Desert SW	55.90	62.15	Nil
SJ Valley	56.90	66.80	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 15-Feb-2016

Contract	Open	High	Low	Close	Change
16-Mar	58.35	59.16	58.15	58.90	0.48
16-May	58.66	58.96	58.39	58.64	-0.07
16-Jul	59.31	59.47	58.87	59.07	-0.24
16-Oct	58.82	58.82	58.82	58.82	-0.33
16-Dec	59.56	59.63	58.76	58.93	-0.65
17-Mar	60.21	60.21	59.70	59.82	-0.70

Pakistan Cotton Spot rates: As on 15-Feb-2016				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5350	135	5485
Equivalent	40 Kgs	5734	145	5879

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