

## Domestic Fundamentals:

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

**In The News:** Department of Agriculture, Ministry of Agriculture (MoA) in its second advance estimates, has revised the cotton production estimates downwardly for the season 2015-16 at 306.92 lakh bales (of 170 kg each). For the season 2014-15, the estimate was 346.23 lakh bales according to the first advance estimates for the season.

India exported 1.794 lakh bales of cotton last week (08 Feb-14 Feb 2016), which was 2.29 lakh bales previous to last week (01 Feb-07 Feb 2016), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.129 lakh bales last week, which was 0.104 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 0.76 lakh bales of cotton from India in the past week (08 Feb-14 Feb 2016). Other major importers were Pakistan, Vietnam, Indonesia and China and their imported volumes were 0.50 lakh bales, 0.21 lakh bales, 0.17 lakh bales and 0.09 lakh bales respectively. India imported cotton from USA, Argentina, Australia followed by Mali and Egypt. The respective volumes these countries exported to India during the week are 0.045 lakh bales, 0.028 lakh bales, 0.024 lakh bales, 0.015 lakh bales, 0.014 Lakh Bales.

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.

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	-5.5	774	777.5	770	776.5	5665	-9001	18415	-1114

  

Spread	Feb-16	Apr-16
Spot	--	179.5
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 22 February 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-16	20	16360	16360	16250	16340	775	155	3506	-231
Mar-16	40	16440	16490	16370	16480	1741	534	7124	-365
Apr-16	40	16540	16640	16490	16600	544	192	2146	166
May-16	-20	16660	16680	16640	16680	5	3	66	1

  

Spread	Feb-16	Mar-16	Apr-16	May-16	--	--
Spot	--					
Feb-16		-140				
Mar-16			-120			
Apr-16				-80		

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

\* Updated at 4:45 pm on 22 February 2016

**DOMESTIC PRICES AND ARRIVALS**
**Cotton Prices at Key Spot Markets:**

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	22-Feb-16	20-Feb-16	
Gujarat	Ahmedabad	Shankar-6	4700	4750	-50
	Gondal	Shankar-6	4805	4775	30
	Rajkot	B.T. Cotton	4780	4790	-10
	Patan	B.T. Cotton	4750	4740	10
	Kadi	B.T. Cotton	4875	4875	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	4800	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4900	4900	Unch
	Bhiwani	Desi	4750	4750	Unch
	Adampur	B.T. Cotton	4700	4735	-35
	Fatehabad	B.T. Cotton	4700	4700	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	Closed	Closed	-
	Dabwali	B.T. Cotton	4720	4600	120
Rajasthan	Hanumangarh	B.T. Cotton	4700	4650	50
	Rawatsar	B.T. Cotton	4600	4600	Unch
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	4735	-
Maharashtra	Amravati	Mech-1	4725	4700	25
	Jamner	Medium Staple	4500	4360	140
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4350	4350	Unch
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	4100	-
	East Godavari	Un-Ginned	4100	4100	Unch
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	4095	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	4800	4800	Unch
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	22-Feb-16	20-Feb-16	
Punjab	Bhatinda	J-34	3560	3560	Unch
	Abohar	J-34	3550	3570	-20

	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
<b>Haryana</b>	Sirsa	J-34	3535	3530	<b>5</b>
<b>Rajasthan</b>	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	22-Feb-16	20-Feb-16	
<b>Gujarat</b>	Ahmedabad	Shankar-6	51000	51000	<b>Unch</b>
	Gondal	Shankar-6	2157	2846	<b>-689</b>
	Rajkot	B.T. Cotton	2200	2700	<b>-500</b>
	Patan	B.T. Cotton	700	690	<b>10</b>
	Kadi	B.T. Cotton	55000	65000	<b>-10000</b>
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	NA	501	-
<b>Punjab</b>	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
<b>Haryana</b>	Bhiwani	B.T. Cotton	1000	NA	-
	Bhiwani	Desi	100	NA	-
	Adampur	B.T. Cotton	425	510	<b>-85</b>
	Fatehabad	B.T. Cotton	100	175	<b>-75</b>
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	Closed	Closed	-
	Dabwali	B.T. Cotton	325	300	<b>25</b>
<b>Rajasthan</b>	Hanumangarh	B.T. Cotton	800	1000	<b>-200</b>
	Rawatsar	B.T. Cotton	200	700	<b>-500</b>
<b>Madhya Pradesh</b>	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	3200	-
<b>Maharashtra</b>	Amravati	Mech-1	1000	1200	<b>-200</b>
	Jamner	Medium Staple	40	55	<b>-15</b>
<b>Uttar Pradesh</b>	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
<b>Telangana</b>	Adilabad	Un-Ginned	2916	4235	<b>-1319</b>
<b>Andhra Pradesh</b>	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
<b>Karnataka</b>	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	60	-
	Hubli	B.T. Cotton	NA	NA	-

	Raichur	H-44 Cotton	750	202	548
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	22-Feb-16	20-Feb-16	
Punjab	Bhatinda	J-34	2550	2890	-340
	Abohar	J-34	850	680	170
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	170	510	-340
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				20-Feb-16	19-Feb-16	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	30000	29800	200
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	30500	30300	200
J-34(202)	26mm	3.5 - 4.9	23	32600	32600	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32500	32500	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	33600	33600	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34700	34700	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36600	36600	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	49500	49500	Unch

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

Centre	Unit	Price		Change
		22-Feb-16	20-Feb-16	
Rajkot	Rs. /10 Kg.	565	585	-20
New Delhi	Rs. /10 Kg.	540	540	Unch
Hyderabad	Rs. /10 Kg.	575	570	5
Mumbai	Rs. /10 Kg.	605	605	Unch

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

Centre	Unit	Price		Change
		22-Feb-16	20-Feb-16	
Mahesana (Kadi)	Rs./Qtl	2085	2095	-10
Akola	Rs./Qtl	2078	2100	-22

**INTERNATIONAL PRICES AND INDICES**
**China Cotton Index: As on 19-Feb-2016**

Index	RMB/Ton	Change
CCIndex(328)	12219	-18
CCIndex(527)	11411	-9
CCIndex(229)	12817	-16

**China Foreign Cotton (FCE) Index : As on 22-Feb-2016**

Index	Cents/lb	Change
FC Index (S)	70.55	-0.28
FC Index (M)	67.21	-0.45
FC Index (L)	65.43	-0.10

**Cotlook Index: As on 19-Feb-2016**

Cotlook Indices	Cents/Pound	Change
A-Index	66.80	0.20

**USDA Cotton Spot Rates: As on 19-Feb-2016**

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	60.54	63.79	NIL
North Delta	59.54	62.29	NIL
South Delta	59.54	62.29	NIL
East TX-OK	56.50	58.25	2780
West Texas	56.75	58.00	9235
Desert SW	56.54	62.79	NIL
SJ Valley	57.54	67.44	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 19-Feb-2016**

Contract	Open	High	Low	Close	Change
16-Mar	60.10	60.42	59.80	60.01	0.10
16-May	59.57	59.97	59.35	59.54	-0.16
16-Jul	59.81	60.05	59.54	59.68	-0.13
16-Oct	59.07	59.07	59.07	59.07	-0.20
16-Dec	59.73	59.87	59.38	59.56	-0.16
17-Mar	60.48	60.48	60.02	60.11	-0.18

Pakistan Cotton Spot rates: As on 18-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

### Disclaimer

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