

Domestic Fundamentals:

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

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	771	775	768	769.5	6067	402	18008	-407
Spread	Feb-16			Apr-16					
Spot	--			186.5					
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 23 February 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-16	-170	16220	16230	16050	16100	1258	483	3053	-453
Mar-16	-130	16340	16340	16180	16260	1961	220	7305	181
Apr-16	-120	16470	16470	16320	16400	722	178	2457	311
May-16	-200	16540	16540	16470	16470	10	5	76	10
Spread	Feb-16	Mar-16	Apr-16	May-16	--		--		
Spot	--								
Feb-16		-160							
Mar-16			-140						
Apr-16				-70					

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

* Updated at 4:45 pm on 23 February 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	23-Feb-16	22-Feb-16	
Gujarat	Ahmedabad	Shankar-6	4700	4700	Unch
	Gondal	Shankar-6	4830	4805	25
	Rajkot	B.T. Cotton	4780	4780	Unch
	Patan	B.T. Cotton	4735	4750	-15
	Kadi	B.T. Cotton	4875	4875	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4805	NA	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4900	4900	Unch
	Bhiwani	Desi	4700	4750	-50
	Adampur	B.T. Cotton	4675	4700	-25
	Fatehabad	B.T. Cotton	4650	4700	-50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	Closed	Closed	-
	Dabwali	B.T. Cotton	4525	4720	-195
Rajasthan	Hanumangarh	B.T. Cotton	4650	4700	-50
	Rawatsar	B.T. Cotton	4580	4600	-20
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	4700	4725	-25
	Jamner	Medium Staple	4550	4500	50
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4370	4350	20
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4100	4100	Unch
Karnataka	Bijapur	Bunny	NA	NA	-
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	4750	4800	-50
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	23-Feb-16	22-Feb-16	
Punjab	Bhatinda	J-34	3550	3560	-10
	Abohar	J-34	3540	3550	-10

	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3520	3535	-15
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	23-Feb-16	22-Feb-16	
Gujarat	Ahmedabad	Shankar-6	51000	51000	Unch
	Gondal	Shankar-6	1932	2157	-225
	Rajkot	B.T. Cotton	2450	2200	250
	Patan	B.T. Cotton	3279	700	2579
	Kadi	B.T. Cotton	65000	55000	10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	605	NA	-
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1500	1000	500
	Bhiwani	Desi	NA	100	-
	Adampur	B.T. Cotton	510	425	85
	Fatehabad	B.T. Cotton	250	100	150
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	Closed	Closed	-
	Dabwali	B.T. Cotton	60	325	-265
Rajasthan	Hanumangarh	B.T. Cotton	1000	800	200
	Rawatsar	B.T. Cotton	200	200	Unch
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	1200	1000	200
	Jamner	Medium Staple	35	40	-5
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4071	2916	1155
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	645	750	-105
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	23-Feb-16	22-Feb-16	
Punjab	Bhatinda	J-34	2550	2550	Unch
	Abohar	J-34	850	850	Unch
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	170	170	Unch
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	30000	Unch
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	30500	30500	Unch
J-34(202)	26mm	3.5 - 4.9	23	32600	32700	-100
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
		23-Feb-16	22-Feb-16	
Rajkot	Rs. /10 Kg.	590	565	25
New Delhi	Rs. /10 Kg.	540	540	Unch
Hyderabad	Rs. /10 Kg.	575	575	Unch
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
		23-Feb-16	22-Feb-16	
Mahesana (Kadi)	Rs./Qtl	2087	2085	2
Akola	Rs./Qtl	2091	2078	13

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 23-Feb-2016

Index	RMB/Ton	Change
CCIndex(328)	12200	-9
CCIndex(527)	11390	-8
CCIndex(229)	12793	-5

China Foreign Cotton (FCE) Index : As on 23-Feb-2016

Index	Cents/lb	Change
FC Index (S)	70.04	-0.51
FC Index (M)	67.66	0.45
FC Index (L)	64.88	-0.55

Cotlook Index: As on 22-Feb-2016

Cotlook Indices	Cents/Pound	Change
A-Index	66.70	-0.10

USDA Cotton Spot Rates: As on 22-Feb-2016

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	59.69	62.94	Nil
North Delta	58.69	61.44	Nil
South Delta	58.69	61.44	Nil
East TX-OK	55.75	57.50	4980
West Texas	56.00	57.25	4038
Desert SW	55.44	61.69	3097
SJ Valley	56.69	66.59	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 22-Feb-2016

Contract	Open	High	Low	Close	Change
16-Mar	60.04	60.65	57.40	57.74	-2.27
16-May	59.47	60.16	58.60	58.69	-0.85
16-Jul	59.62	60.23	58.95	59.00	-0.68
16-Oct	58.60	58.60	58.60	58.60	-0.47
16-Dec	59.53	59.94	58.86	58.92	-0.64
17-Mar	59.99	60.41	59.65	59.66	-0.45

Pakistan Cotton Spot rates: As on 22-Feb-2016				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5300	135	5435
Equivalent	40 Kgs	5680	145	5825

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