

Domestic Fundamentals:

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

In The News: Pakistan Cotton Ginners Association has raised its concern over the cotton imports from India. PGCA has urged the government to suspend the cotton and cotton yarn imports from India. Due to the crop loss, Pakistan fulfilled its demand from India and emerged as the one of the major buyer of Indian cotton.

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.

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	765	774.5	762	771.5	9170	3103	18296	288
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 24 February 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-16	-20	16100	16100	15920	16040	1361	103	2306	-747
Mar-16	20	16150	16260	16100	16250	2969	1008	7757	452
Apr-16	20	16300	16410	16240	16400	1243	521	2839	382
May-16	--	--	--	--	--	--	--	--	--
Spread	Feb-16	Mar-16	Apr-16	May-16	--	--			
Spot	--								
Feb-16		-210							
Mar-16			-150						
Apr-16				--					

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

* Updated at 4:45 pm on 24 February 2016

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	24-Feb-16	23-Feb-16	
Gujarat	Ahmedabad	Shankar-6	4750	4700	50
	Gondal	Shankar-6	4755	4830	-75
	Rajkot	B.T. Cotton	4750	4780	-30
	Patan	B.T. Cotton	4740	4735	5
	Kadi	B.T. Cotton	4875	4875	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4800	4805	-5
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4850	4900	-50
	Bhiwani	Desi	4700	4700	Unch
	Adampur	B.T. Cotton	4655	4675	-20
	Fatehabad	B.T. Cotton	4650	4650	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	Closed	Closed	-
	Dabwali	B.T. Cotton	4510	4525	-15
Rajasthan	Hanumangarh	B.T. Cotton	4600	4650	-50
	Rawatsar	B.T. Cotton	4550	4580	-30
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	4625	4700	-75
	Jamner	Medium Staple	4545	4550	-5
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4300	4370	-70
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	4780	4750	30
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	24-Feb-16	23-Feb-16	
Punjab	Bhatinda	J-34	3545	3550	-5

	Abohar	J-34	3540	3540	Unch
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3510	3520	-10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	24-Feb-16	23-Feb-16	
Gujarat	Ahmedabad	Shankar-6	59500	51000	8500
	Gondal	Shankar-6	2719	1932	787
	Rajkot	B.T. Cotton	2700	2450	250
	Patan	B.T. Cotton	3330	3279	51
	Kadi	B.T. Cotton	35000	65000	-30000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	531	605	-74
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1500	1500	Unch
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	425	510	-85
	Fatehabad	B.T. Cotton	250	250	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	Closed	Closed	-
	Dabwali	B.T. Cotton	95	60	35
Rajasthan	Hanumangarh	B.T. Cotton	1000	1000	Unch
	Rawatsar	B.T. Cotton	200	200	Unch
Madhya Pradesh	Khandwa	Mech-1	NA	NA	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	800	1200	-400
	Jamner	Medium Staple	41	35	6
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	3478	4071	-593
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	780	645	135
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	24-Feb-16	23-Feb-16	
Punjab	Bhatinda	J-34	3400	2550	850
	Abohar	J-34	850	850	Unch
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	340	170	170
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				23-Feb-16	20-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	32400	32600	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32200	32500	-300
Shankar-6(105)	29mm	3.5 - 4.9	28	33400	33600	-200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34400	34700	-300
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36300	36600	-300
DCH-32(107)	34mm	3.0 - 3.8	33	49100	49500	-400

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

Centre	Unit	Price		Change
		24-Feb-16	23-Feb-16	
Rajkot	Rs. /10 Kg.	585	590	-5
New Delhi	Rs. /10 Kg.	540	540	Unch
Hyderabad	Rs. /10 Kg.	575	575	Unch
Mumbai	Rs. /10 Kg.	600	605	-5

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

Centre	Unit	Price		Change
		24-Feb-16	23-Feb-16	
Mahesana (Kadi)	Rs./Qtl	2114	2087	27
Akola	Rs./Qtl	2090	2091	-1

INTERNATIONAL PRICES AND INDICES
China Cotton Index: As on 24-Feb-2016

Index	RMB/Ton	Change
CCIndex(328)	12193	-7
CCIndex(527)	11379	-11
CCIndex(229)	12792	-1

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 23-Feb-2016

Cotlook Indices	Cents/Pound	Change
A-Index	66.00	-0.70

USDA Cotton Spot Rates: As on 24-Feb-2016

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	59.00	62.25	NIL
North Delta	58.00	60.75	NIL
South Delta	58.00	60.75	NIL
East TX-OK	55.25	57.00	671
West Texas	55.25	56.50	2076
Desert SW	54.75	61.00	NIL
SJ Valley	56.00	65.90	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 23-Feb-2016

Contract	Open	High	Low	Close	Change
16-Mar	58.75	60.00	58.00	58.17	0.43
16-May	58.89	58.99	57.85	58.00	-0.69
16-Jul	59.07	59.27	58.17	58.31	-0.69
16-Oct	58.02	58.02	58.02	58.02	-0.58
16-Dec	59.15	59.15	58.13	58.28	-0.64
17-Mar	59.65	59.65	58.96	59.10	-0.56

Pakistan Cotton Spot rates: As on 23-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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