

## Domestic Fundamentals:

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

**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	0	743	743	743	743	0	-10	65	9
Apr-16	8.5	769	783.5	769	778	8005	-1165	17976	-320

  

Spread	Feb-16	Apr-16
Spot	--	176
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 25 February 2016

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

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Feb-16	60	15900	16020	15880	15950	1323	1512	1361	2306
Mar-16	100	16130	16270	16100	16200	2493	8263	2969	7757
Apr-16	90	16280	16420	16250	16340	687	3139	1243	2839
May-16	0	16510	16510	16510	16510	0	76	10	76

  

Spread	Feb-16	Mar-16	Apr-16	May-16	--	--
Spot	--					
Feb-16		-250				
Mar-16			-140			
Apr-16				-170		

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

\* Updated at 4:45 pm on 25 February 2016

### DOMESTIC PRICES AND ARRIVALS

#### Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	25-Feb-16	24-Feb-16	
Gujarat	Ahmedabad	Shankar-6	4700	4750	-50
	Gondal	Shankar-6	4780	4755	25
	Rajkot	B.T. Cotton	4770	4750	20
	Patan	B.T. Cotton	4770	4740	30
	Kadi	B.T. Cotton	4875	4875	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	4855	4800	55
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	4900	4850	50
	Bhiwani	Desi	4400	4700	-300
	Adampur	B.T. Cotton	4680	4655	25
	Fatehabad	B.T. Cotton	4650	4650	Unch
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NR	Closed	-
	Dabwali	B.T. Cotton	4540	4510	30
Rajasthan	Hanumangarh	B.T. Cotton	4725	4600	125
	Rawatsar	B.T. Cotton	4580	4550	30
Madhya Pradesh	Khandwa	Mech-1	NA	4658	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	4650	4625	25
	Jamner	Medium Staple	4500	4545	-45
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	4280	4300	-20
Andhra Pradesh	Guntur	Un-Ginned	NA	NA	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	4100	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	4780	-30
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	25-Feb-16	24-Feb-16	
Punjab	Bhatinda	J-34	3530	3545	-15

	Abohar	J-34	3535	3540	-5
	Mansa	J-34	NA	NA	-
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	3500	3510	-10
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Arrivals in Key Centers:**

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	25-Feb-16	24-Feb-16	
Gujarat	Ahmedabad	Shankar-6	59500	59500	Unch
	Gondal	Shankar-6	2489	2719	-230
	Rajkot	B.T. Cotton	2250	2700	-450
	Patan	B.T. Cotton	1960	3330	-1370
	Kadi	B.T. Cotton	35000	35000	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	549	531	18
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	1300	1500	-200
	Bhiwani	Desi	NA	NA	-
	Adampur	B.T. Cotton	340	425	-85
	Fatehabad	B.T. Cotton	300	250	50
	Jind	B.T. Cotton	NA	NA	-
	Uchana	B.T. Cotton	NR	Closed	-
	Dabwali	B.T. Cotton	90	95	-5
Rajasthan	Hanumangarh	B.T. Cotton	1000	1000	Unch
	Rawatsar	B.T. Cotton	250	200	50
Madhya Pradesh	Khandwa	Mech-1	NA	1980	-
	Khargaon	Mech-1	NA	NA	-
Maharashtra	Amravati	Mech-1	900	800	100
	Jamner	Medium Staple	36	41	-5
Uttar Pradesh	Hathras	B.T. Cotton	NA	NA	-
	Hathras	Desi	NA	NA	-
Telangana	Adilabad	Un-Ginned	3725	3478	247
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	1102	780	322
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	25-Feb-16	24-Feb-16	
Punjab	Bhatinda	J-34	3400	3400	Unch
	Abohar	J-34	850	850	Unch
	Mansa	J-34	NA	NA	-
Haryana	Sirsa	J-34	340	340	Unch
Rajasthan	Sri-Ganganagar	J-34	NA	NA	-

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				24-Feb-16	23-Feb-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	30000	30000	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	30500	30500	Unch
J-34(202)	26mm	3.5 - 4.9	23	32300	32400	-100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32100	32200	-100
Shankar-6(105)	29mm	3.5 - 4.9	28	33300	33400	-100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34300	34400	-100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	36200	36300	-100
DCH-32(107)	34mm	3.0 - 3.8	33	49100	49100	Unch

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

Centre	Unit	Price		Change
		25-Feb-16	24-Feb-16	
Rajkot	Rs. /10 Kg.	585	585	Unch
New Delhi	Rs. /10 Kg.	540	540	Unch
Hyderabad	Rs. /10 Kg.	575	575	Unch
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
		25-Feb-16	24-Feb-16	
Mahesana (Kadi)	Rs./Qtl	2153	2114	39
Akola	Rs./Qtl	2133	2090	43

**INTERNATIONAL PRICES AND INDICES**

<b>China Cotton Index: As on 25-Feb-2016</b>		
<b>Index</b>	<b>RMB/Ton</b>	<b>Change</b>
CCIndex(328)	12190	<b>-3</b>
CCIndex(527)	11379	<b>Unch</b>
CCIndex(229)	12781	<b>-11</b>

<b>China Foreign Cotton (FCE) Index : As on 23-Feb-2016</b>		
<b>Index</b>	<b>Cents/lb</b>	<b>Change</b>
FC Index (S)	70.04	<b>-0.51</b>
FC Index (M)	67.66	<b>0.45</b>
FC Index (L)	64.88	<b>-0.55</b>

<b>Cotlook Index: As on 24-Feb-2016</b>		
<b>Cotlook Indices</b>	<b>Cents/Pound</b>	<b>Change</b>
A-Index	65.50	<b>-0.50</b>

<b>USDA Cotton Spot Rates: As on 24-Feb-2016</b>			
<b>Growth Area</b>	<b>Leaf 4 to Staple 34</b>	<b>Leaf 3 to Staple 35</b>	<b>Arrivals</b>
	<b>cents/lb.</b>		<b>bales</b>
<b>Southeast</b>	58.41	61.66	<b>90</b>
<b>North Delta</b>	57.41	60.16	<b>Nil</b>
<b>South Delta</b>	57.41	60.16	<b>Nil</b>
<b>East TX-OK</b>	54.75	56.50	<b>691</b>
<b>West Texas</b>	54.75	56.00	<b>1700</b>
<b>Desert SW</b>	54.16	60.41	<b>Nil</b>
<b>SJ Valley</b>	55.41	65.31	<b>Nil</b>

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 24-Feb-2016**

Contract	Open	High	Low	Close	Change
16-Mar	58.19	58.21	57.16	57.70	-0.47
16-May	58.00	58.02	57.26	57.41	-0.59
16-Jul	58.29	58.29	57.33	57.34	-0.97
16-Oct	57.02	57.02	57.02	57.02	-1.00
16-Dec	58.14	58.18	57.18	57.20	-1.08
17-Mar	58.75	58.85	58.05	58.05	-1.05

**Pakistan Cotton Spot rates: As on 24-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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