

Cotton Domestic Fundamental

Domestic Market Scenario: Cotton spot prices during November remained sideways to weak as compared to the previous month due to the peak period of cotton arrivals. Monthly average price of Kapas (Seed Cotton) at benchmark market, i.e. Rajkot stood at Rs 4425 per quintal in November, which is around 2% lower when compared to the prices in October which were Rs 4520 per quintal. Lint monthly average prices at Sri-Ganganagar stood Rs 3150 per maund (of 37.32 kg each) in October as compared to Rs 3215 per maund previous month.

Fiber prices too remained weak during the month. Monthly average price of Shankar-6 stood at Rs.32210 per candy (of 355.6 kg each) during November whereas it was Rs 32470 per candy a month before. Future prices too remained downtrend this month. Kapas (April'16 Contract) at NCDEX closed at Rs 856.5 (quotes in Rs/20 kg) at the November month end as compared to Rs 872.5 a month earlier.

Monthly Price Outlook: Cotton price in the coming month is likely to trade range bound to firm. In spot benchmark market Rajkot, prices of Kapas, is likely to hover in the range of Rs 4300-4600 per quintal. Lint prices in Sri-Ganganagar are likely to be in range of Rs 3100-3300 per maund. Fiber price (Shankar-6) is expected to be in band of Rs 32100-32400. Future prices of Kapas at NCDEX are likely to remain sideways to firm with the range of Rs 855-910 per maund of 20 kg.

Major Market Highlights: India is likely to export around 10 lakh bales of cotton to Pakistan as the country has faced the severe crop loss due to rain and flood, said cotton association of India. According to market participants, the situation will lent support to the cotton prices in domestic market.

Interest Equalization Scheme, formerly known as the Interest Rate Subvention Scheme, on pre-shipment and post-shipment of garments is expected to enhance cotton textile exports from India, said R.K. Dalmia, Chairman, Cotton Textiles Export Promotion Council (Texprocil). Following the rise in cotton textile exports, demand of raw cotton too is expected to surge in domestic market.

Cotton procurement by Government would be around 20 to 25 Lakh bales this year against the 87 lakh bales during the last year, said Cotton Corporation of India (CCI). As cotton prices are ruling above the MSP of Rs 4100 per quintal in most of the cotton trading states of country, CCI would be buying cotton at higher prices. Also the intervention of CCI is not necessary if farmers are getting the genuine price i.e. prices over and above of MSP.

Domestic cotton Balance Sheet 2015-16

Supply	2014-15*	2015-16**	% Change
Opening Stocks	33	52	57.6
Production	380	365	-3.9
Imports	14.39	12	-16.6
Total Availability	427.39	429	0.4
Demand			
Mill consumption	278.55	284	2.0
Small Mill consumption	26.28	28	6.5
Non-Mill consumption	12.84	11	-14.3
Total consumption	317.67	323	1.7
Export	57.72	68	17.8
Total Demand	375.39	391	4.2
Ending Stock	52	38	-26.9

Figures in Lakh bales (of 170 Kg each)

Balance Sheet as prepared from the estimates released by Cotton Advisory Board (CAB) as on Nov 04 2015

*Consumption figures are provisional, **Imports figures are provisional.

Balance Sheet Highlight (2015-16):

According to the latest estimates by Cotton Advisory Board (CAB), cotton output in country during the season 2015-16 would be around 365 lakh bales (of 170 kg each) around 4% lower when compared to production of last season.

Despite the lower production, cotton imports would be on weaker side at 12 lakh bales as compared to 14.39 lakh bales in previous season due to the higher opening stocks this season.

Due to higher opening stocks, cotton availability would be standing slightly higher this season at 429 lakh bales as compared to 427.39 lakh bales during the previous season.

Total domestic consumption (Including mill, small mill and non-mill consumption) would be around 323 lakh bales as compared to 317.67 lakh bales previous season.

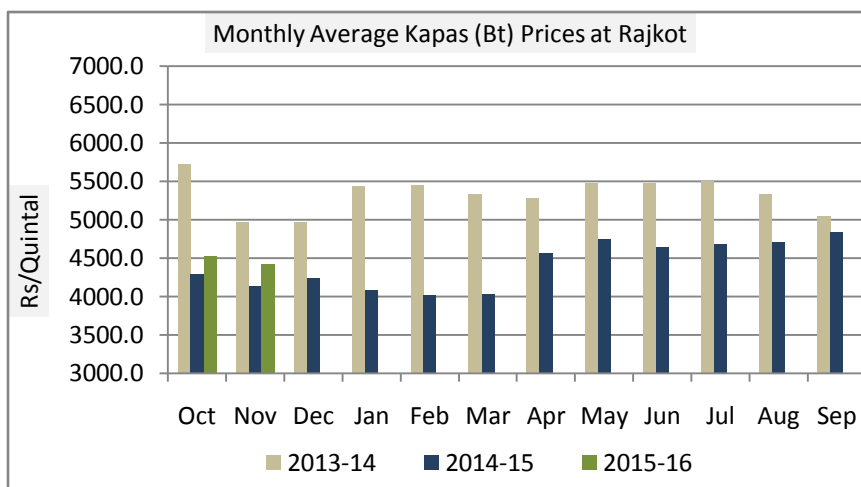
Cotton exports are expected to notice a remarkable rise in the current season. It is expected that country would export around 68 lakh bales of cotton in the season 2015-16 around 17.8% higher when compared to the exports during the previous season.

Ending stocks are expected to be around 38 lakh bales, around 27% lower as compared to the ending stocks of previous season

Domestic Market Scenario:

Kapas Price Outlook:

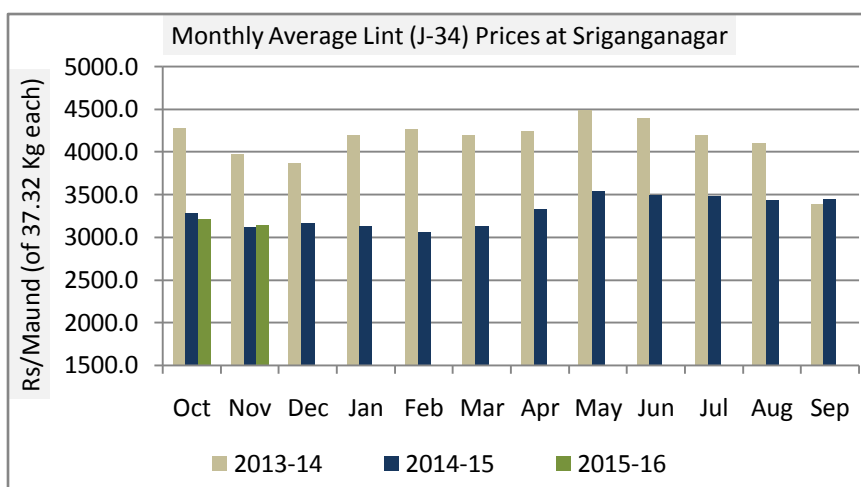
Kapas (seed cotton) prices in country noticed weak momentum during the November month following the peak arrivals time, which has created the supply lead in the market. Though cotton price remained weak during November as compared to the previous month, the same is ruling higher as compared to the prices during the corresponding month of the previous season.



Monthly average price of Kapas at Rajkot remained Rs.4425 per quintal during November, which was Rs 4520 during previous month and Rs 4135 per quintal during the corresponding month last year. We expect Kapas prices to remain firm in the coming month. The expected price range for December month is Rs 4300-4600 per quintal.

Lint Price Outlook:

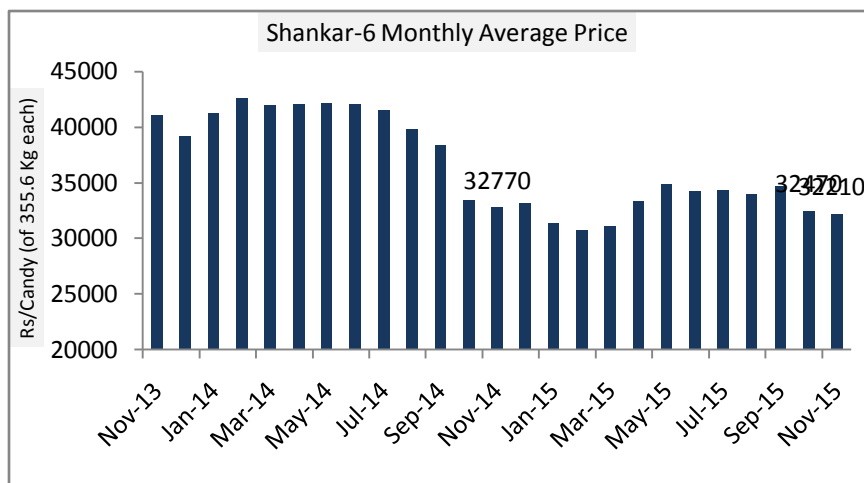
Due to the weakness in Kapas prices, lint prices too remained weaker during November as compared to previous month however it remained firm as compared to corresponding month last year. In November this year, monthly average price of lint at Sri-Ganganagar remained Rs. 3150 per maund (of 37.32 Kg each), which was Rs 3215 last month and Rs 3125 during corresponding month previous year.



For the coming month we expect Lint prices to remain slightly firm with the range of Rs 3100-3300 per maund.

Fiber Price Outlook:

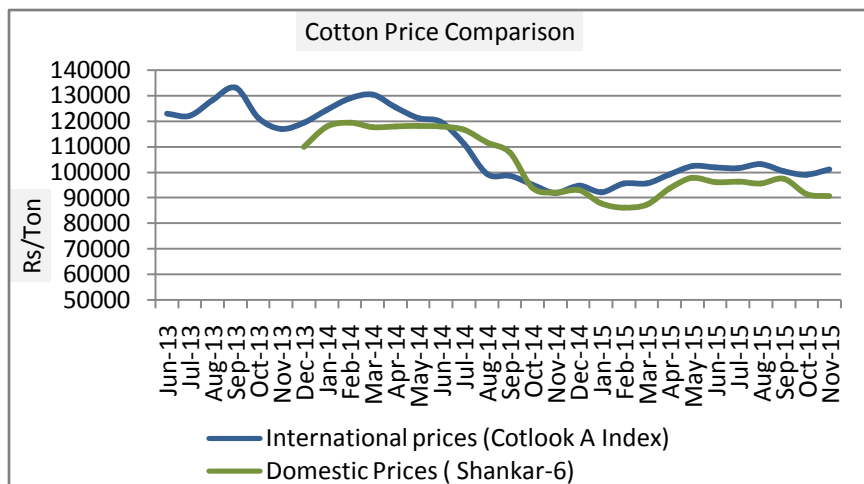
Cotton fiber remained weak this month as compared to the previous month following the ample supply in domestic market. Monthly average price of Shankar-6 during November was Rs 32210 per candy, which was Rs 32470 previous month and around Rs 32770 per candy during the same month previous season. We expect cotton fiber to remain in range of Rs 32100-32400 per candy.



Comparison of Indian and International Cotton Fiber Price

Comparison of Indian and International Prices				
Shankar-6			Cotlook A Index	
Rs per quintal	Rs per ton	Cents per pound	Rs per ton	Cents per pound
32210	90574	61.97	100963	70.55

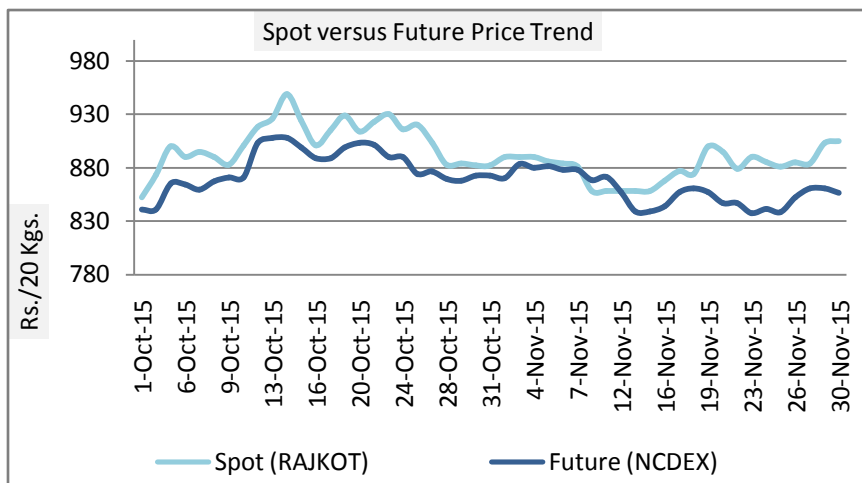
Domestic cotton price remained weaker as compared to the international prices during November, hence making it competitive in international market. In terms of global market, the average difference between Indian and International prices remained Rs 10388 per ton, making Indian cotton dearer to importers.



*Cotlook A Index here has been converted into Rs per tones from US cents/pound

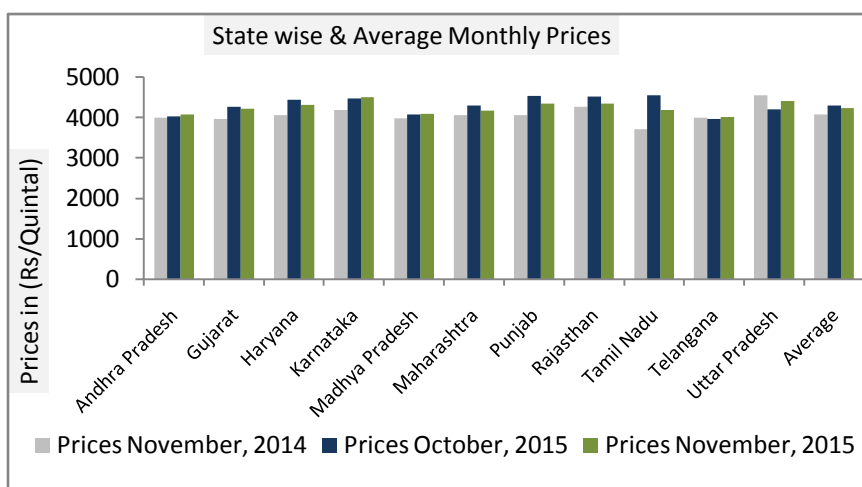
Spot versus Future Price Scenario:

Future price of Kapas moved southwards during November as compared to the previous month, and closed lower as compared to previous month. Future price of Kapas at NCDEX closed at Rs. 856.5 per maund (of 20 kg each) on November 30, 2015, standing around 1.8% lower when compared to the closing price of Rs 872.5 previous month and 8.8% higher when compared to the closing price of same day during last year.



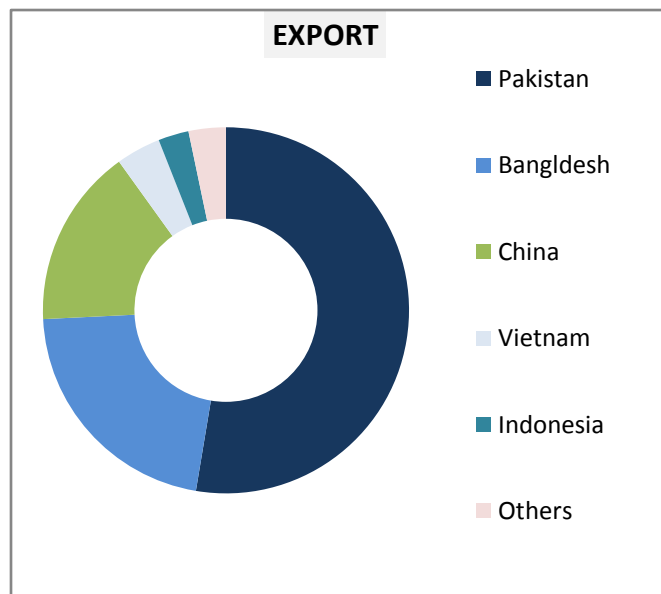
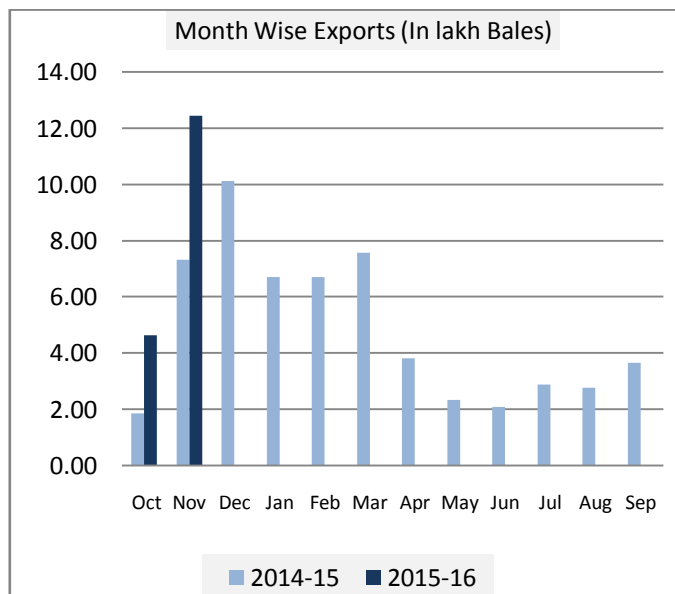
State-wise Monthly Price Scenario:

Cotton price state-wise, month on month basis is showing weaker sentiments in November as compared to the previous month. Highest price during the month was Karnataka and the lowest was in Andhra Pradesh. All the states noticed firm tone on the year on year basis except Uttar Pradesh; however it is showing uptrend as compared to the previous month.

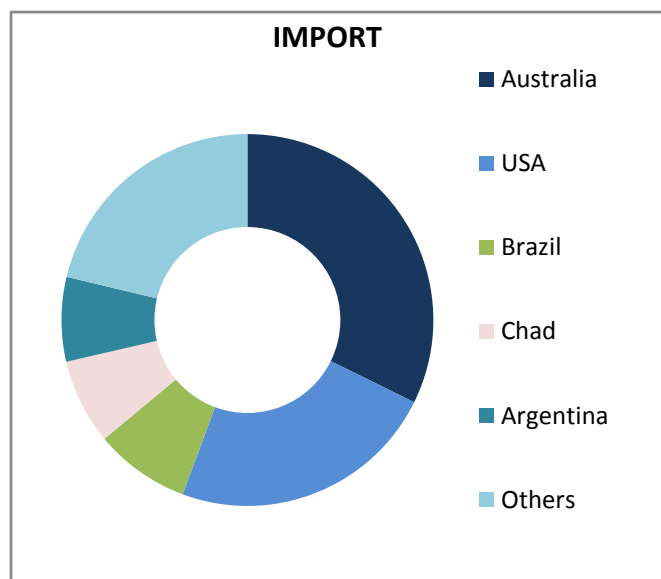
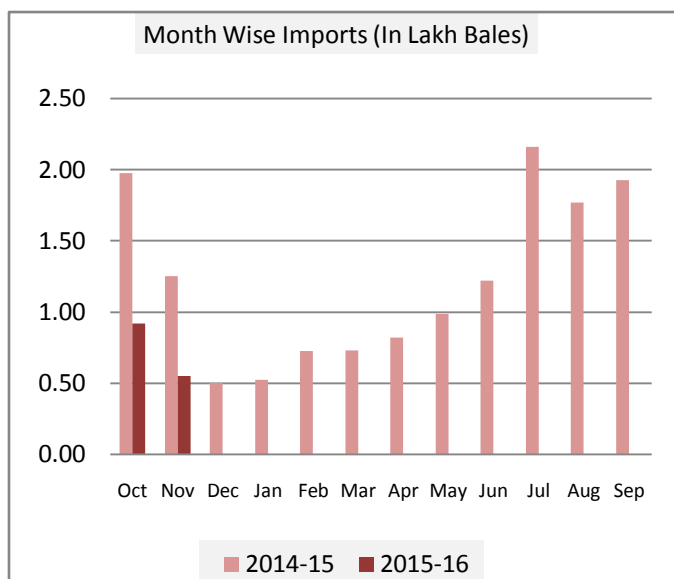


Cotton Export and Import:

Cotton exports from India noticed a remarkable rise in November as compared to the previous month. During November the country exported around 12.46 lakh bales of cotton as compared to 4.63 lakh bales during the previous month and 7.34 lakh bales during the same month previous season. However imports fell to almost half the quantity exported previous month. Cotton imports during November was 0.55 lakh bales, which was 0.92 a month earlier and 1.98 lakh bales during the same month a year earlier.

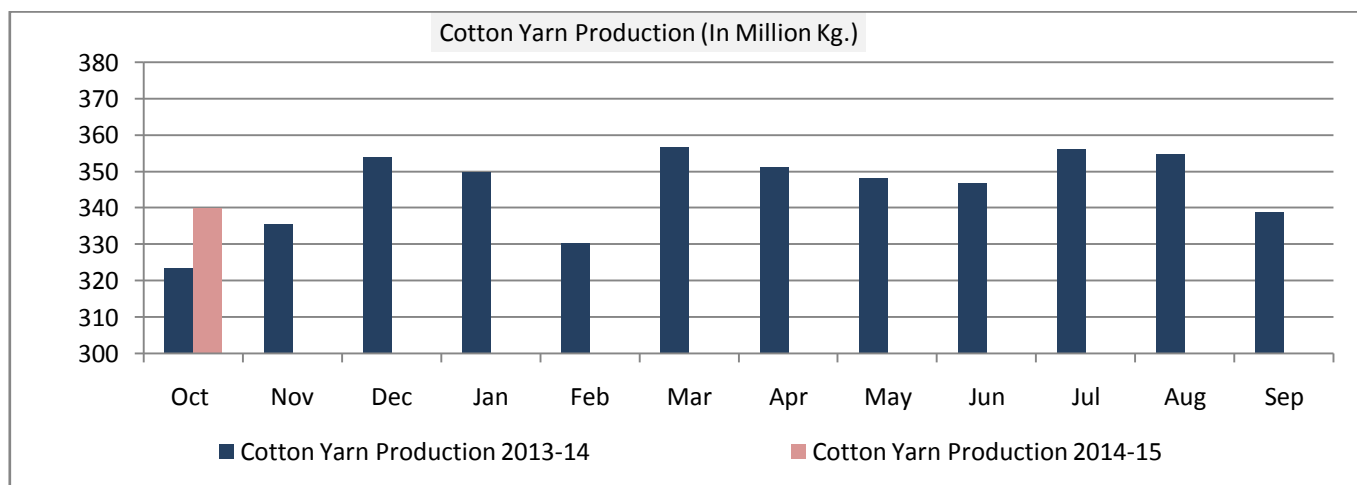
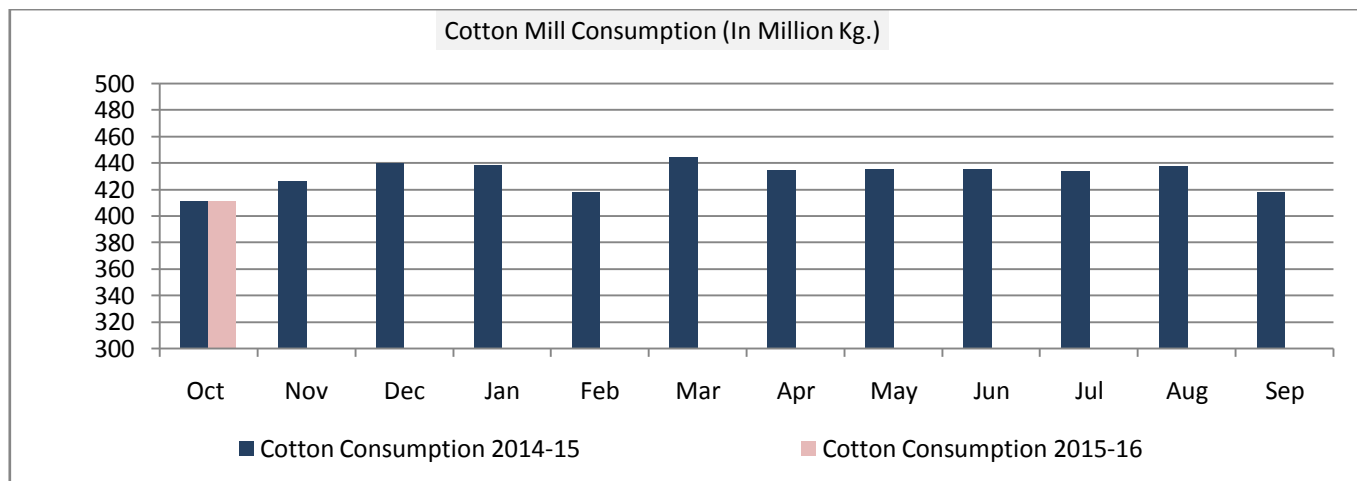


Major export destinations during the month were Pakistan, Bangladesh, China followed by Vietnam and Indonesia. Country sourced cotton majorly from Australia, USA, Brazil followed by Chad and Argentina.



Cotton Consumption and Cotton Yarn Production:

During the very first month of the season (ie Oct'15), cotton consumption in the country recorded at 410.86 million kgs which is same as the consumption during corresponding month last year. However cotton yarn production remained higher during the season. Cotton yarn production during October of the season 2015-16 stood at, 340 million kgs around 5% higher when compared to corresponding month previous season.



Cotton consumption (total demand-exports) during the season 2015-16 would be around 325 lakh bales, around 3.17% higher as compared to the consumption during the previous season which was 315 lakh bales, according to Cotton Association of India (CAI).

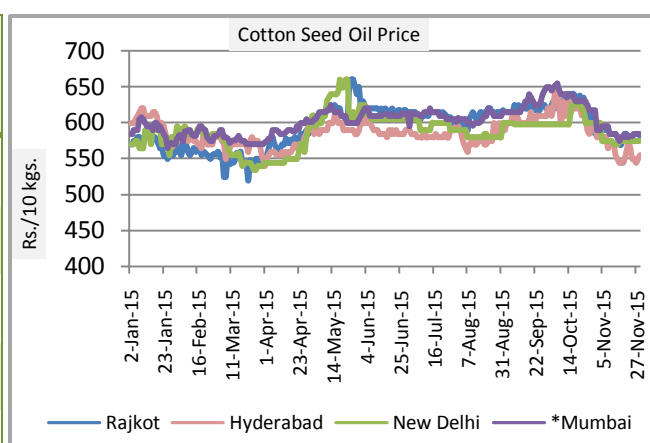
Interest Equalization Scheme, formerly known as the Interest Rate Subvention Scheme, on pre-shipment and post-shipment of garments is expected to enhance cotton textile exports from India, said R.K. Dalmia, Chairman, Cotton Textiles Export Promotion Council (Texprocil). Following the rise in cotton textile exports, demand of raw cotton too is expected to surge in domestic market.

Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil Monthly Price Trend:

Cotton seed oil price remained mostly steady to firm during the month. Weekly average price in New Delhi remained Rs 578 per 10 kg, fairly lower when compared to the weekly average price of previous month which was Rs 606 per 10 Kg.

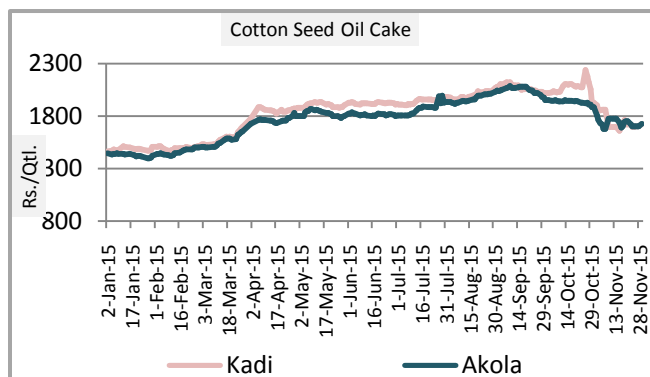
Centers	Monthly Average Price(Rs/10 kg.)		% Change
	Nov -15	Oct -15	
New Delhi	578	606	-4.62
Rajkot	584	625	-6.56
Hyderabad	563	615	-8.46
Mumbai*	586	635	-7.72
*Vat Included			



Cotton Seed Oil Cake Monthly Price Trend:

Cotton seed oil cake price remained weak during the month. Monthly average price in Akola remained Rs 1745 per quintal slightly firm when compared to the monthly average price of previous week which was Rs 2066 per quintal.

Centers	Weekly Average Price as on (Rs/Quintal)		% Change
	Nov -15	Oct -15	
New Delhi	1745	2066	-15.54
Rajkot	1733	1935	-10.44



Technical Analysis of Cotton Future Price



Monthly Technical Outlook:

Candlesticks denote bearish sentiments in the market.
 RSI is moving low in neutral region.
 Volume and Open Interest are moving steady.
 MACD expects bullish centerline and signal line cross-over.
 We expect price to remain sideways to firm in the coming days.

Expected Price Range during Coming Month

Expected Trend	Expected Trading Band
Sideways to Bullish Momentum	855-910

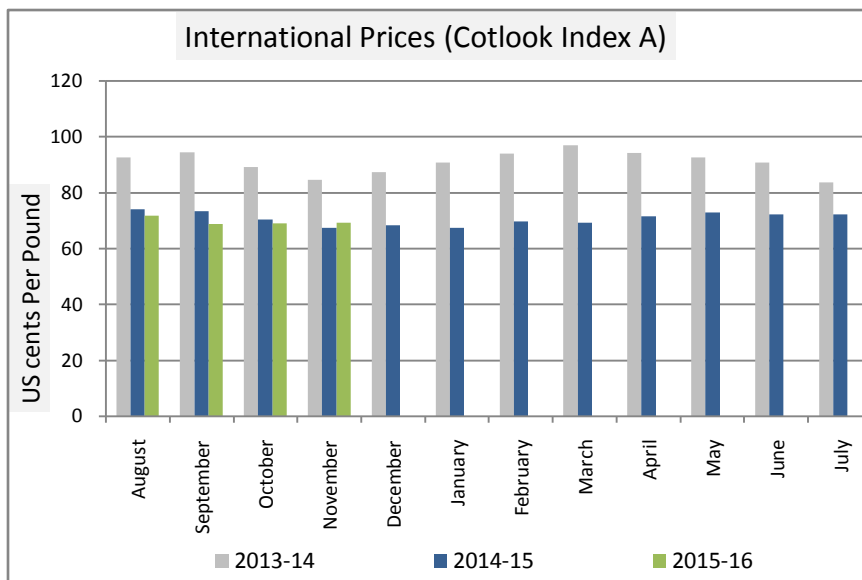
Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
840	835	920	930

Prices in Rs per 20 Kg. Source: NCDEX

International Market Scenario:

International market noticed sideways to slightly firm momentum during the month of November. Cotlook A Index remained in the range of 68.30-70.55 cents during the month. Monthly average, stood at 69.22 cents, 0.28% higher when compared to previous month and around 2.46% higher when compared to corresponding month of the previous season. It is for the first time that Cotlook A Index monthly average remained higher on Y-o-Y basis. We expect Cotlook A Index to remain firm with the range of 68.50-72.00 cents per pound in coming days.



World cotton production estimates for season 2015-16 has been revised downward by USDA to 22.99 million tons from 23.38 million tons a month earlier. According to USDA, global cotton output stood at 25.89 million tons in season 2014-15.

World cotton consumption estimates are revised slightly downward in the latest estimates by USDA. According to USDA, world cotton consumption would be around 24.29 million tones in the current season i.e. 2015-16, around 0.6% lower when compared to the estimates of previous month and around 1% higher when compared to the estimates of previous season, which stood at 24.021 million tons.

Global cotton ending stocks are expected to fall by more than 5% this season to 23.098 million tons from 24.372 million tons during previous season, according to USDA. Last month USDA was expecting ending stocks to be around 23.290 million tons, which has been revised down further due to the downward revision in world production estimates.

In the latest estimates released by ABRES, cotton output figures have been revised upward for Australia. Cotton production in country is expected to be around 5.7 lakh tones according to the October estimates, around 21% higher when compared to the estimates of 4.7 lakh tons estimated in September.

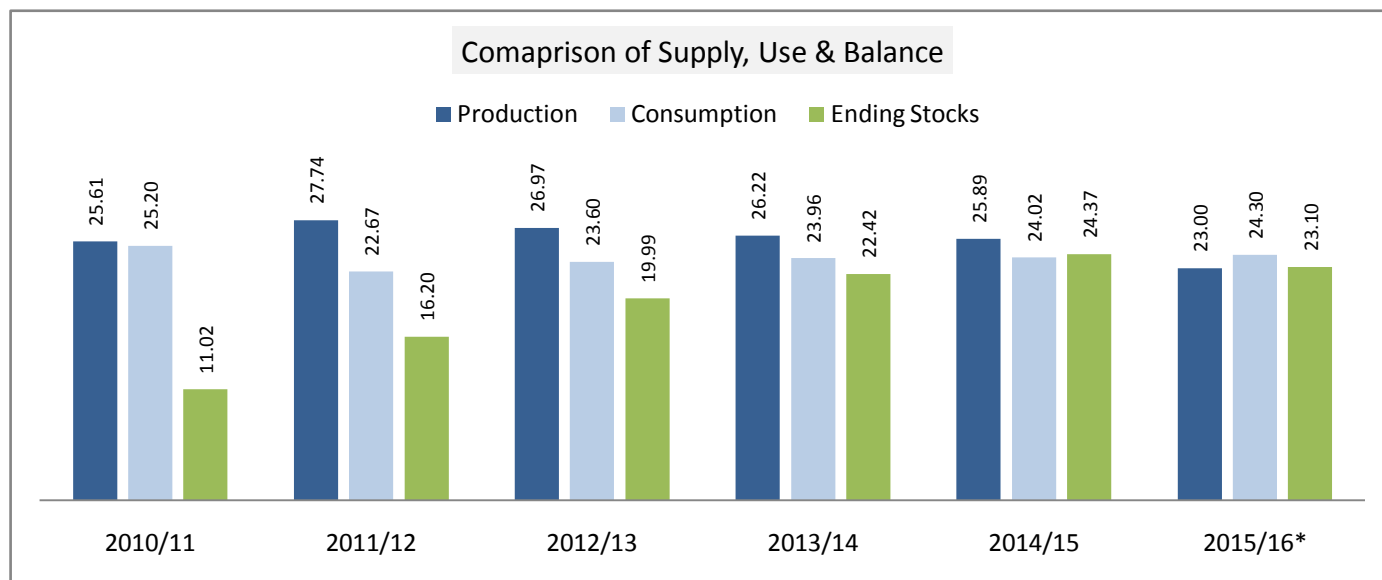
World Cotton Balance Sheet at a Glance (2015-16):

Particulars	2014-15	2015-16*	% Change
SUPPLY			
Opening stock	22.42	24.37	8.70
Production	25.89	22.99	-11.20
Imports	7.796	7.479	-4.07
Availability	56.11	54.84	-2.26
DEMAND			
Consumption	24.02	24.30	1.14
Exports	7.696	7.479	-2.82
Total Disappearance	31.72	31.78	0.19
Ending Stocks	24.37	23.10	-5.22

*Source: USDA *October Estimates*

Balance Sheet Highlights: According to the latest estimates by USDA, cotton production on global front is likely to fall this season to 22.99 million tonnes from 25.89 million tonnes in 2014-15. Cotton imports on the global front are likely to fall by around 4.07% to 7.4 million tonnes in the current season as compared to 7.79 million tons previous season. Consumption is likely to increase in the season 2015-16 by around 1.14%, whereas exports are likely to fall by around 2.82% as compared to the previous season to 7.47 million tons. Ending stocks led by lower production and higher consumption is likely to fall by around 5.22% as compared to the previous season.

Comparison of World Production Consumption and Ending Stocks: The overall trend of supply, use and balance is brief in the given table. Production is falling from the last four years. However Consumption is showing continuous uptrend since last four years. Ending stock for the first time in last five years is expected to fall which was continuously rising year on year basis before the current one.



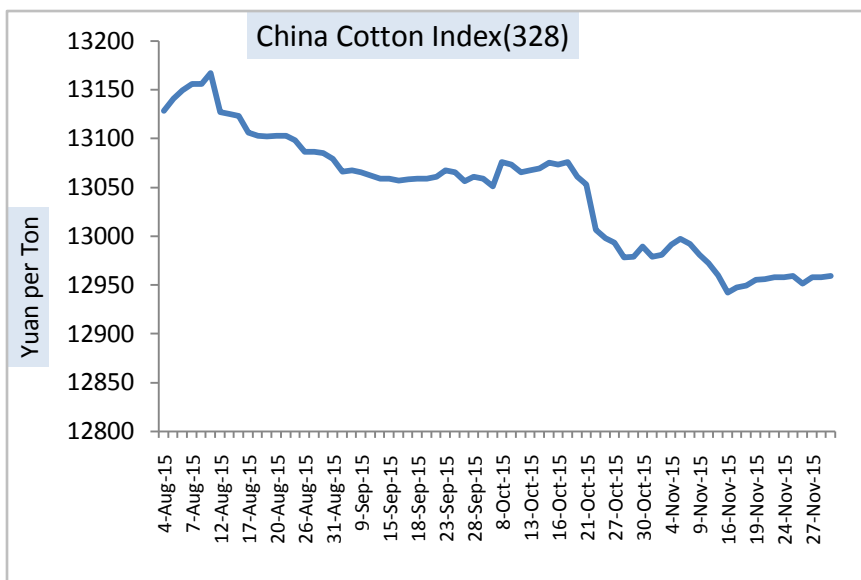
International Prices and Indices

China Cotton Index:

China cotton index remained weak during the month. Due to the domestic stock liquidation by government and weaker demand from mills has led the cotton prices to fall in China.

Cotton imports figures of China have been revised downwards by ICAC in its latest weekly estimates. According to ICAC, China is likely to import 1.21 million tons of cotton in 2015-16, which is around 10% lower when compared to 1.34 million tons, the previous week import estimates and around 33%

lower than the imports figures of season 2014-15. The summary of price (CC & FC Index) given here



CC Indices	Monthly Average Prices as in		% Change
	November'15	October'15	
CC Index(229)	13595	13632	-0.27
CC Index(328)	12965	13040	-0.58
CC Index(527)	11880	11934	-0.45
Figures in Yuan per Ton			

FC Indices	Monthly Average Prices as in		% Change
	November'15	October'15	
FC Index(S)	74.3	75.23	-1.24
FC Index(M)	70.38	70.37	0.01
FC Index(L)	68.49	68.61	-0.17
Figures in Yuan per Ton			

Cotlook A Index

Cotlook A Index remained in the range of 68.30-70.55 cents during the month. Monthly average, stood at 69.22 cents, 0.28% higher when compared to previous month and around 2.46% higher when compared to corresponding month of the previous season.

Cotlook A Index	Monthly Average Price		% Change
	November'15	October'15	
Price	69.22	69.03	0.28
Figures in US Cents per Pound			

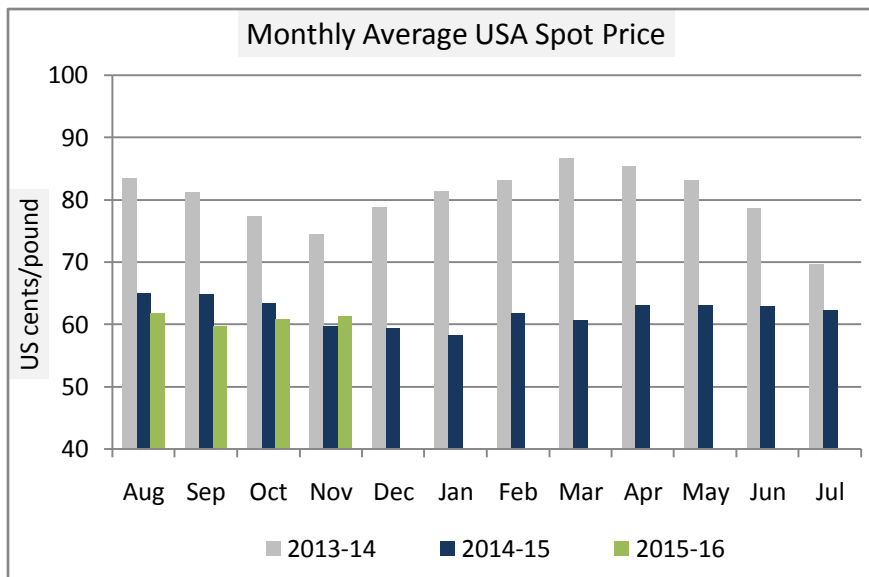
USA Spot Prices

USA spot price remained slightly firm due to the delayed harvest of the crop and overall shortfall in the production.

USA monthly average price (Upland cotton) remained at 61.26 cents per pound during November, slightly higher when compared to the previous month and around 2.7% higher when compared to the prices during the same month previous season.

According to USDA, around 80% of the cotton has been harvested in USA

as on 29 November 2015, which was 70% a week earlier and 83% during the same period last year. The five year average of the harvesting during the same period is however 88%, fairly higher than the current harvesting pace.



USA Spot Prices	Monthly Average Price		% Change
	November'15	October'15	
Price	61.26	60.83	0.70
Figures in US Cents per Pound			

India Shankar-6 Price

India Shankar-6 Prices	Monthly Average Price		% Change
	November'15	October'15	
Price	62.02	63.61	-2.5
Figures in US Cents per Pound			

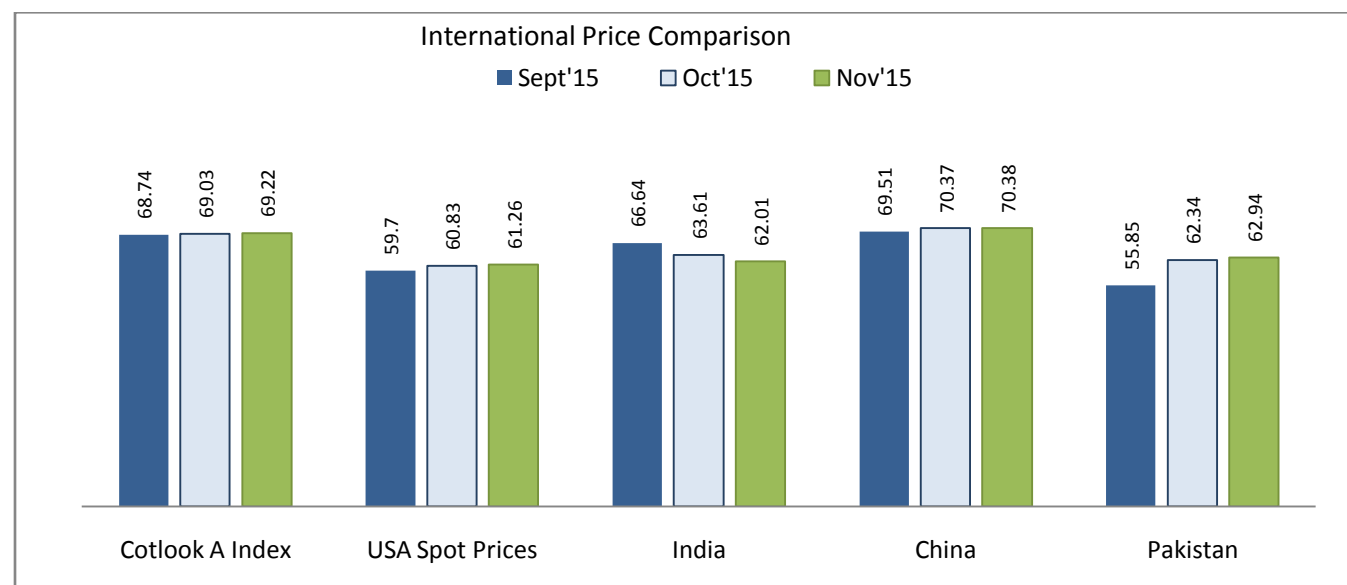
Cotton production in India during the season 2015-16 according to USDA would be around 6.205 million tons (approx. 365 lakh bales), around 3.5% lower when compared to the production of previous season which was 6.423 million tons (approx. 377.8 Lakh bales).

Pakistan Spot Prices

Pakistan cotton production estimates for season 2015-16 are revised downward by USDA at 1.960 million tons around 8% lower when compared to 2.068 million tons which was estimated a month earlier. The production in country is likely to stand around 18% lower when compared to the output of previous season.

Pakistan Spot (Karachi)Prices	Monthly Average Price		% Change
	November'15	October'15	
Price	62.94	62.34	0.96
Figures in US Cents per Pound			

International Price Comparison



ICE Cotton Future

Contracts	30_Nov_2015	1 month ago	3 month ago	6 month ago	Year Ago	% Change over a month	% Change over previous year
Dec-15	61.30	63.32	63.00	64.64	64.36	-3.19	-4.75
Mar-16	62.64	63.00	62.58	64.64	NA	-0.57	NA
May-16	63.43	63.60	62.90	65.01	NA	-0.27	NA
Jul-16	63.98	63.95	63.23	65.49	NA	0.05	NA
Oct-16	63.63	62.86	63.00	NA	NA	1.22	NA
Dec-16	64.34	63.44	NA	NA	NA	NA	NA

Technical Analysis of Cotton Future Price



Monthly Technical Outlook:

Candlesticks denote bullish sentiments in the market.
 RSI is moving low in neutral region.
 Volume and Open Interest are moving steady.
 MACD denotes bullish centerline and signal line movement.
 We expect price to remain sideways to firm in the coming days.

Expected Price Range during Coming Month

Expected Trend	Expected Trading Band
Sideways to Bullish Momentum	63.50-66.50

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
63.00	62.00	67.00	68.00
Prices in cents per pound			Source: MRCI

Domestic Prices and Arrivals at Key Centers

Cotton (Kapas & Lint) Monthly Average Prices at Key Centers:

Centre	Variety	Monthly Average Prices		Change
		Nov'15	Oct'15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4189	4715	-526
Khandwa	Mech-1	4134	NA	-
Khargaon	Mech-1	4134	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4422	4735	-313
Rajkot	B.T. Cotton	4425	4520	-95
Patan	B.T. Cotton	4378	4570	-192
Deesa	B.T. Cotton	4400	NA	-
Dhrol	B.T. Cotton	4416	4480	-64
Muktsar	B.T. Cotton	4428	4630	-202
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	Desi	4599	4745	-146
Bhiwani	B.T. Cotton	4450	4600	-150
Adampur	B.T. Cotton	4322	4520	-198
Fatehabad	B.T. Cotton	4373	4520	-147
Dabwali	B.T. Cotton	4309	4475	-166
Jind	B.T. Cotton	4431	4655	-224
Uchana (Jind)	B.T. Cotton	4457	4635	-178
Rawatsar (Hanumangarh)	B.T. Cotton	4271	4500	-229
Hubli	B.T. Cotton	4425	4460	-35
Hathras	B.T. Cotton	4146	4190	-44
Hanumangarh	B.T. Cotton	4394	4560	-166
	Kapas			
Ahmedabad	Shankar-6	4380	4475	-95
Gondal	Shankar-6	4407	4540	-133
	Kapas			
Jamner (Jalgaon)	Medium Staple	4100	NA	-
Hathras	Desi	4285	4230	55
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	5403	4890	513
Raichur	H-44 Cotton	4249	4260	-11
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	4061	3910	151
East Godavari	Un-Ginned	4095	4050	45
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	3442	3525	-83
Muktsar	J-34	3462	3530	-68

Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3453	3520	-67
Sirsa	J-34	3395	3440	-45
Mansa	J-34	3452	3515	-63
Sri-Ganganagar	J-34	3150	3215	-65

Cotton Fiber Price Scenario (As published by Cotton Association of India):

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy		Change
				Nov'15	Oct'15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	30295	30515	-220
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	30795	31015	-220
J-34(202)	26mm	3.5 - 4.9	23	31514	32365	-851
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	31433	31360	73
Shankar-6(105)	29mm	3.5 - 4.9	28	32210	32470	-260
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	32471	32660	-189
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	33223	33585	-362
DCH-32(107)	34mm	3.0 - 3.8	33	44957	44870	87

Cotton Arrivals in Key Centers:

Centre	Variety	Monthly Arrivals Sum (Qtl)		Change
		Nov'15	Oct'15	
Amravati	Mech-1	263000	27800	235200
Khandwa	Mech-1	8400	NA	-
Khargaon	Mech-1	16500	NA	-
Mahesana(Kadi)	B.T. Cotton	1065000	544700	520300
Rajkot	B.T. Cotton	97360	81115	16245
Patan	B.T. Cotton	311130	82027	229103
Deesa	B.T. Cotton	6300	NA	-
Dhrol	B.T. Cotton	12310	9883	2427
Fazilika	B.T. Cotton	NA	NA	-
Muktsar	B.T. Cotton	5355	3740	1615
Bhiwani	Desi	5350	1350	4000
Bhiwani	B.T. Cotton	90200	131000	-40800
Adampur	B.T. Cotton	17553	14365	3188
Fatehabad	B.T. Cotton	15050	12350	2700
Dabwali	B.T. Cotton	20495	14275	6220
Jind	B.T. Cotton	6851	4223	2628
Uchana (Jind)	B.T. Cotton	30270	4940	25330
Rawatsar (Hanumangarh)	B.T. Cotton	9900	3610	6290
Hubli	B.T. Cotton	1594	222	1372
Hathras	B.T. Cotton	1990	8950	-6960

Hanumangarh	B.T. Cotton	27700	31150	-3450
Ahmedabad	Shankar-6	1074400	523600	550800
Gondal	Shankar-6	69051	66257	2794
Jamner (Jalgaon)	Medium Staple	258	NA	-
Hathras	Desi	8150	27200	-19050
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	499	52	447
Raichur	H-44 Cotton	15350	7369	7981
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	13005	18785	-5780
Bhatinda	J-34	8430	109990	-101560
Sirsa	J-34	22695	15980	6715
Mansa	J-34	10863	8670	2193
Sri-Ganganagar	J-34	100	NA	-

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