

## Current Market Outlook

**Domestic Weekly Price Scenario:** Due to strong international demand and anticipation of lower production in country, cotton prices noticed a fine uptrend during the prices. According to the cotton association of India, cotton production is likely to be around 370.5 lakh bales this season as compared to 382.75 in season 2014-15.

Average price of Kapas at Rajkot during the week was Rs. 4790 per quintal, which stood at Rs 4665 previous week. Average price of Lint at Sirsa during the week was Rs. 3510 per maund (of 37.32 Kg each), which stood at Rs 3445 previous week. Cotton fiber (Shankar-6) prices remained firm this week. Average price was Rs 33675 per candy (of 355.6 kg each) during the week, which was Rs 33810 per candy previous week. Future price of cotton (at NCDEX, April'16 contract) remained sideways this week and closed at Rs.899.5 per maund (of 20 kg each) which was Rs 885.5 a week earlier.

**Cotton Price Outlook (For Coming Week):** In the coming week we expect Kapas price to remain firm with the price band of Rs. 4650-4800 per quintal in the bench mark market. Lint price at Sirsa is likely to be in range of Rs 3450-3600 per maund. Kapas prices at NCDEX (April'16 contract), is expected to hover in the range of Rs.890-925 per maund (of 20 kg each).

**Major Market Highlights:** Pakistan has surpassed Bangladesh and China being the largest cotton importer from India during the week. According to the data released by IBIS, Pakistan imported 1.82 lakh bales of cotton in the past week that is 14 Dec to 20 Dec 2015. Other major importers were Bangladesh, Vietnam, China and Indonesia and their imported volumes were 0.87 lakh bales, 0.54 lakh bales, 0.23 lakh bales and 0.20 lakh bales respectively.

Cotton exports from India during October-November noticed a rise of 80% compared the previous month. India exported around 18 lakh bales of cotton during the October and November, which were 10 lakh bales during the corresponding period previous year. According to the cotton corporation of India (CCI), India is likely to export around 60-65 lakh bales of cotton, whereas Cotton Advisory Board estimates it to be around 68 lakh bales.

Government of Gujarat has announced a bonus of Rs 110 per 20 Kg of cotton, besides the MSP of 810 per 20 Kg if the farmers sell the crop to Cotton Corporation of India (CCI). So cotton farmers will now be getting Rs 920 on every 20 kg of the crop, compared to Rs 810, the MSP announced for the Kharif season 2015-16.

## Domestic Cotton Prices Scenario

### Kapas (Raw Cotton) Weekly Price Scenario

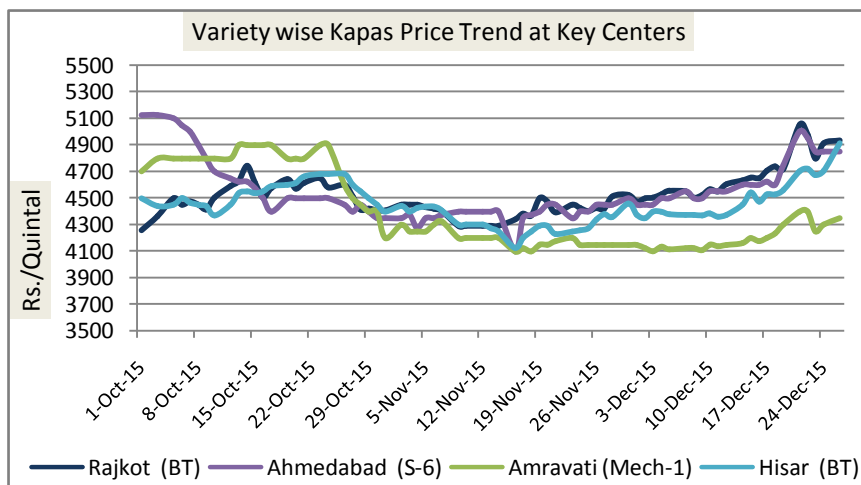
**Weekly Price Review:** Kapas price remained firm during the week due to the higher demand from overseas and domestic mills. Weekly average price of Kapas at Rajkot remained Rs. 4790 per quintal, slightly higher when compared to previous week price of Rs. 4665 per quintal.

**Major Market Highlights:** Cotton consumption in India is likely to be around 5.50 million tons in season 2015-16, which was estimated to be around 5.55 million tons a month earlier.

Although the consumption figures has been revised downward this month by USDA, the same would stand around 3% higher compared to the previous year's consumption of 5.33 million tons.

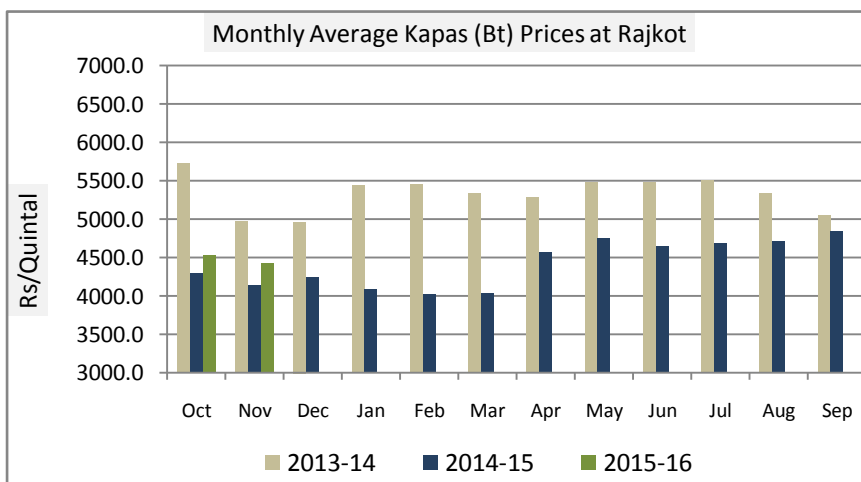
Cotton exports from India noticed a remarkable rise in November as compared to the previous month. During November the country exported around 12.46 lakh bales of cotton as compared to 4.63 lakh bales during the previous month and 7.34 lakh bales during the corresponding month previous season. However 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.

**Weekly Price Outlook:** Kapas prices are expected to remain steady to firm in coming days. The expected range for Kapas at Rajkot is Rs 4650-4800 per quintal.



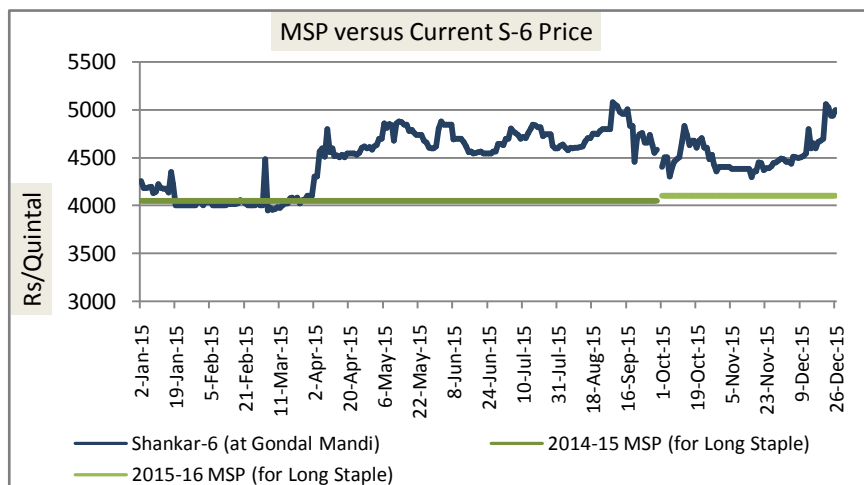
### Kapas Monthly Y-o-Y Price Scenario

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



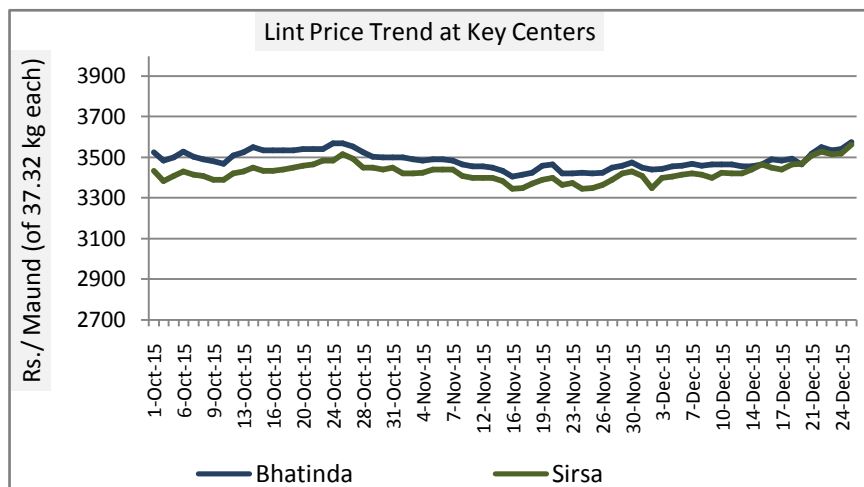
### Spot Price versus MSP

Kapas prices are ruling above the MSP so far. The gap between the two prices has been widened. The average gap between the prices was Rs 788 this week compared to Rs 545 a week earlier. This indicates prices are in the uptrend movement.



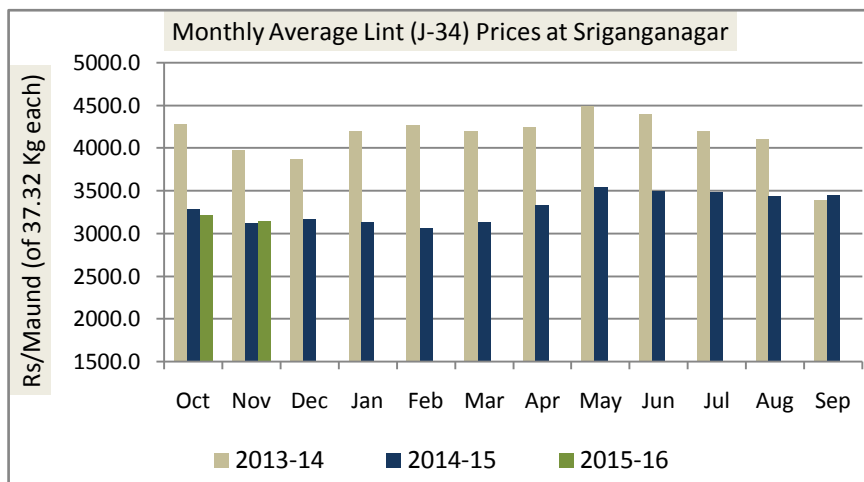
### Lint (De-Seeded Weekly Price Scenario

Weekly Price Review: Firmness in the raw cotton prices pulled up the lint prices too. Weekly average price of Lint at Sirsa remained Rs. 3510 per maund of 37.32 kg each compared to previous week price of Rs. 3445 per maund. Weekly Price Outlook: Lint prices are expected to remain sideways to firm as demand of fiber is expected in the upcoming month. We expect Lint at Sirsa to remain in range of Rs. 3450-3600 per maund.



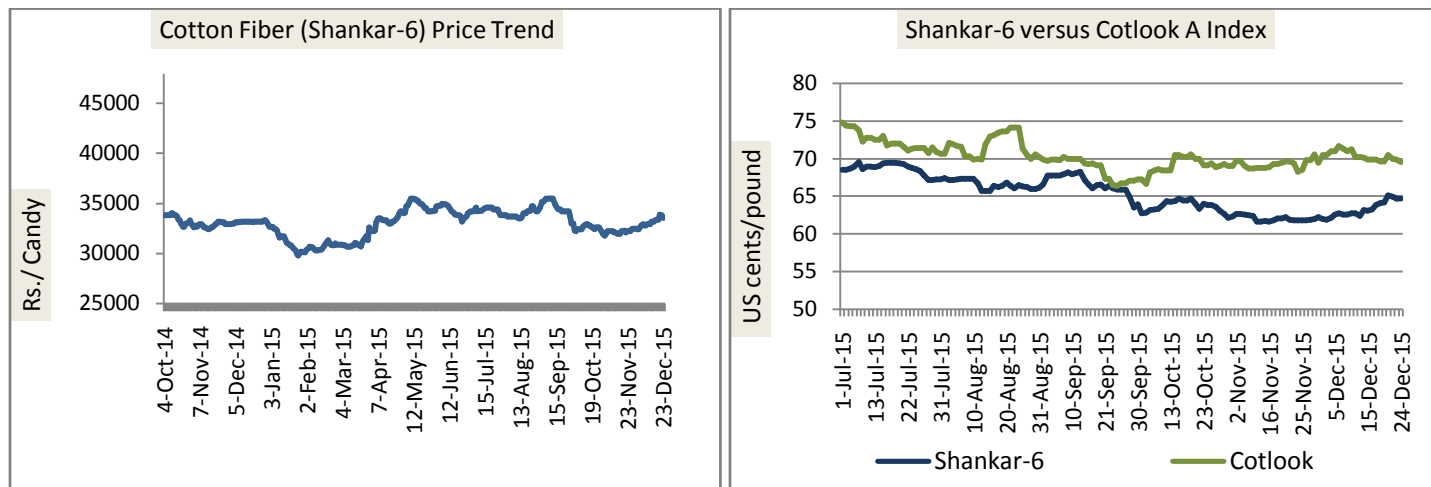
### Lint Monthly Y-o-Y Price Scenario

Due to the weakness in Kapas prices, lint prices too remained weaker during November compared to previous month. However, it remained firm 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.



## Cotton Fiber Weekly Price Scenario

Due to the higher export demand and firmness in raw cotton prices, cotton fiber too remained firm this week. Weekly average price of cotton price (Shankar-6) at Mumbai remained Rs 33675 per candy (of 355.6 kg each) fairly higher compared to the prices of previous week which was Rs. 33180 per candy.

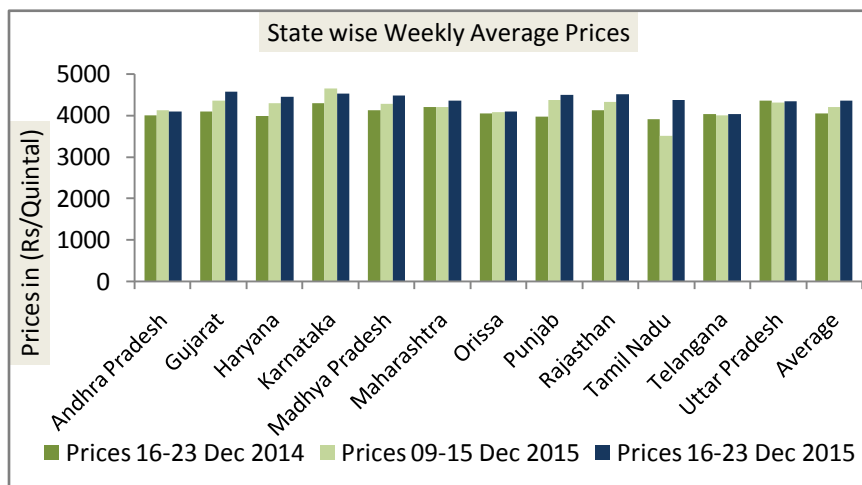


Indian Fiber price versus International Fiber Price: Indian fiber prices are ruling fairly below the international price. Against the weekly average Cotlook A Index of 69.92 cents/pound, Indian weekly average price stood 64.5 cents/pound, making Indian fiber competitive in international market.

Weekly Price Outlook: Shankar-6 price in the coming week is expected to hover in range of Rs 33500-34000 per candy.

## State wise Weekly Price Scenario

On week on week basis, prices are showing up trend in most of the States, highest price was recorded in Gujarat followed by Karnataka this week and lowest was in Telangana followed by Orissa. On year on year basis, cotton prices are reflecting uptrend in all of the States, except Uttar Pradesh which noticed downtrend in Y-o-Y price comparison. Prices have been summarized in the table given in annexure.

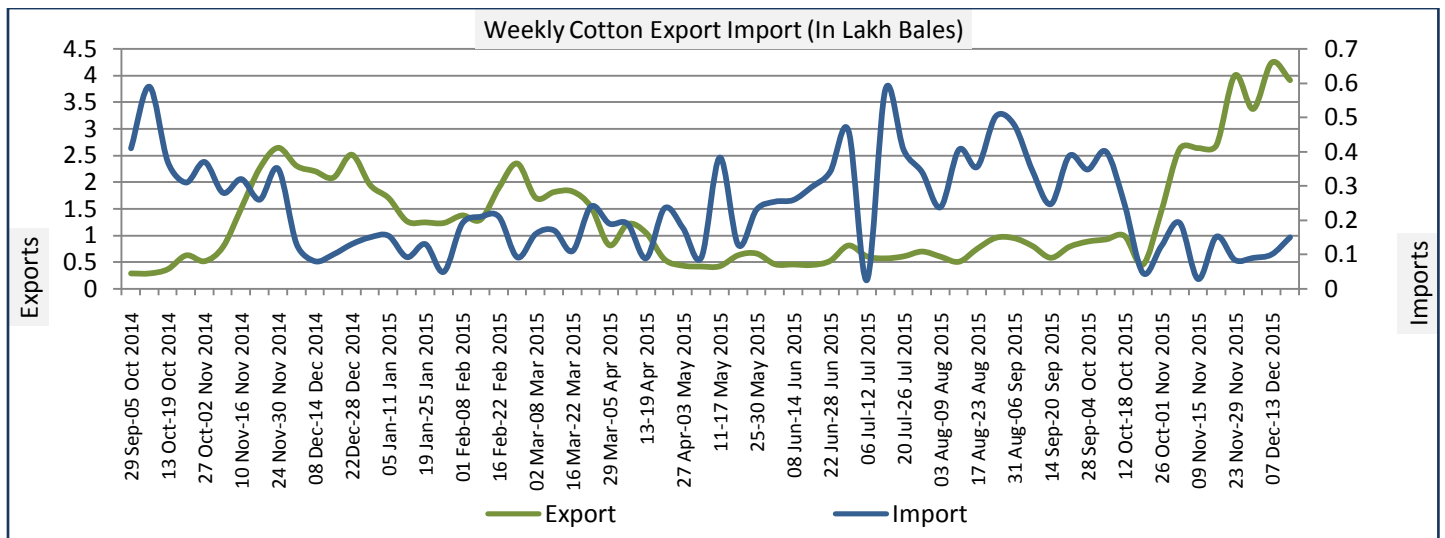


## Cotton Weekly Export and Import

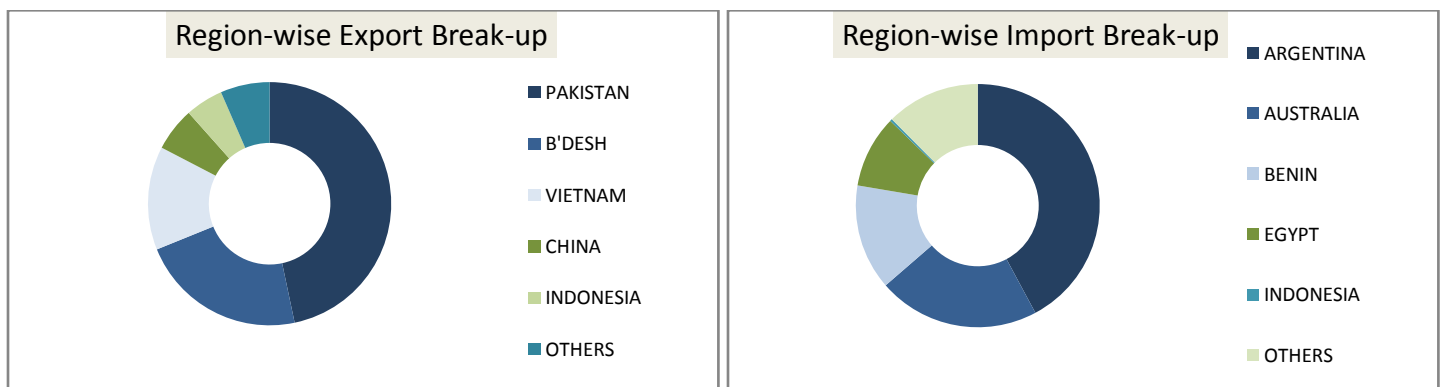
India exported 3.91 lakh bales of cotton last week (14 Dec-20 Dec 2015), which was 4.24 lakh bales previous to last week (07 Dec-13 Dec 2015), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.15 lakh bales last week, which was 0.1 lakh bales previous to last week.

Export/Import	14 Dec-20 Dec 2015	07 Dec-13 Dec 2015
Export (In lakh Bales)	3.91	4.24
Import (In lakh Bales)	0.15	0.1

**Source: IBIS**



**Major Exporter and Importer:** The major exporting destinations during the week were Pakistan, Bangladesh, Vietnam followed by China and Indonesia. The country sourced cotton from Argentina, Australia, Benin followed by Egypt and Indonesia during the week.

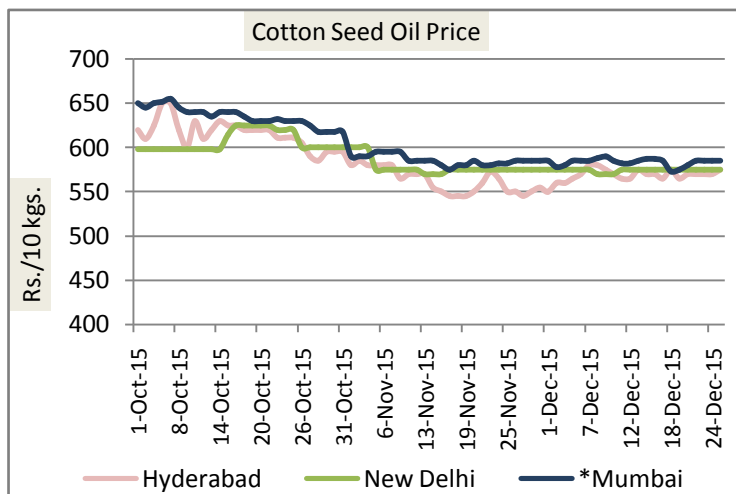


## Cotton Seed Oil and Cotton Seed Oil Cake

### Cotton Seed Oil Weekly Price Scenario

Cotton seed oil price remained mostly steady during the week. Weekly average price in New Delhi remained Rs 575 per 10 Kg, unchanged when compared to the weekly average price of previous week which was Rs 575 per 10 Kg.

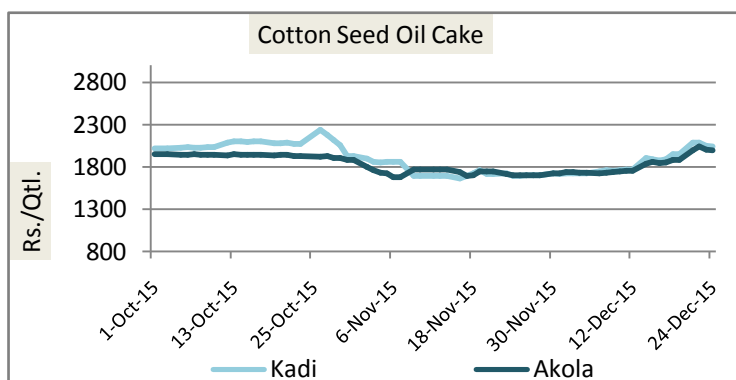
Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	24-Dec -15	17-Dec -15	
New Delhi	575	575	Unch
Rajkot	585	585	Unch
Hyderabad	570	568	0.35
Mumbai*	580.5	585	-0.77
*Vat Included			



### Cotton Seed Oil Cake Weekly Price Scenario

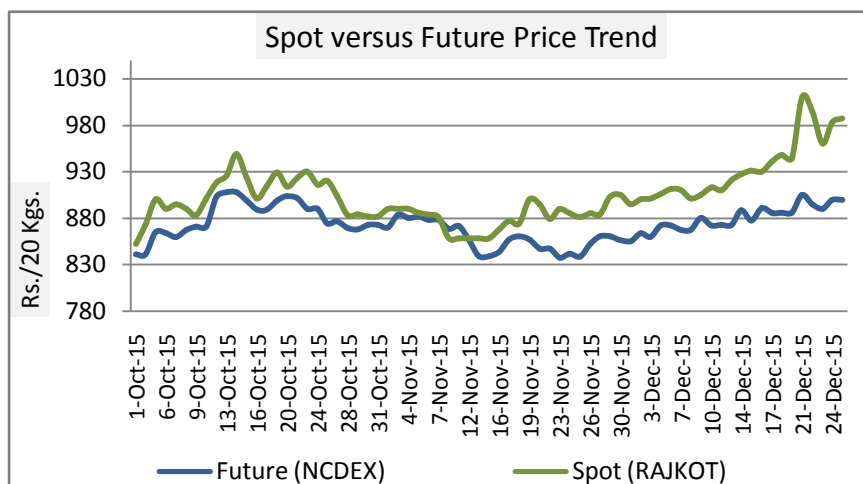
Cotton seed oil cake price remained mainly firm during the week. Weekly average price in Akola remained Rs 1970 per quintal fairly firm when compared to the weekly average price of previous week which was Rs 1816 per quintal.

Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	24-Dec -15	17-Dec -15	
Kadi	2030	1852	9.61
Akola	1970	1816	8.48
*Source: NCDEX			



### Cotton Spot and Future Price Trend

Cotton future price closed higher this week. Kapas at NCDEX (April'16) closed at Rs899.5 as on 24 Dec 2015, as compared to 885.5 a week earlier and Rs 809a year earlier. Average gap between the spot and future price during the week was Rs.79.75 which Rs 45.5 a week earlier.



### Technical Analysis of Kapas Future Prices at NCDEX(April'16 Contract)



#### Weekly Technical Outlook:

- Candlesticks denote overall bullish momentum in the market.
- RSI is moving towards over bought region.
- MACD centerline and signal line are showing positive movements.
- We expect cotton prices to remain sideways to firm.

#### Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Bullish Momentum	890-925

#### Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
880	870	930	940

Figures in Rs/20 Kg

\*Trade Recommendation as published on 17 Dec 2015



## International Market Scenario

International cotton prices remained range bound during the week. Cotlook A index weekly average stood at 69.9 cents/pound this week, which was 70.02cents/pound during last week.

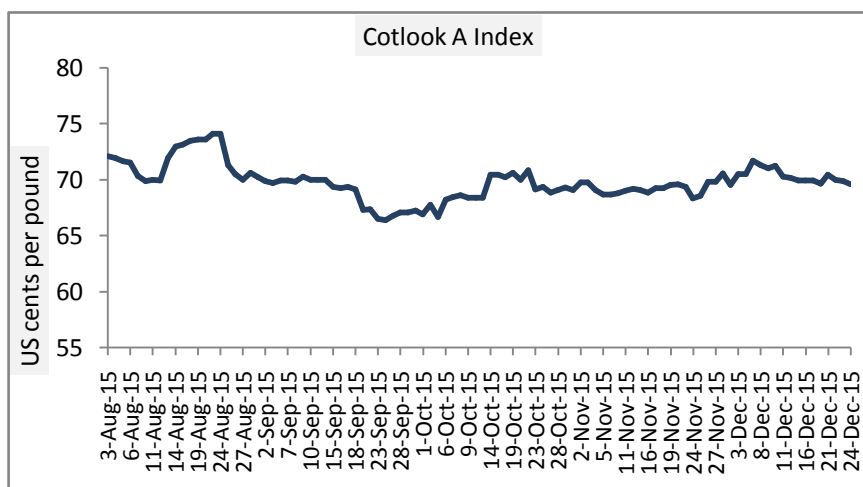
**Major Market Highlights:** During a Ministerial meeting at World Trade Organization (WTO), held at Nairobi, a decision was made to give more importance to cotton from least developed countries by providing duty-free and quota-free access to the developed nations. The decision includes three elements that is market access, domestic support and export competition and the same will be effective from January 01, 2016.

According to USDA, Bangladesh is likely to surpass China as world's largest cotton importer by the end of season 2015-16. Bangladesh is likely to import 5.75 million bales (one 480 pound each) of cotton during the current season, whereas China will import around 5.5 million bales of cotton, lowest since 2003, said USDA.

According the market participants, Cotton market is taking indications from the ups and downs of Chinese economy and therefore cotton prices are expected to be on weaker side this year at least till March this season. Although the cotton production in country is expected to decline by around 14% this season, the factor seems too weak to uplift the prices due to the leading supply in country.

### Cotlook A Index

Cotlook A index remained weak during the week following the weaker demand from overseas buyers. However the cotton market is on the bullish note following the various factors including downward revision in the production figures by USDA, recovery in the export demand, delayed harvesting of USA cotton crop etc. Cotlook A Index remained 69.90 cents/pound this week, slightly higher when compared to 70.02 cents/pound a week earlier.



Cotlook A Index	Weekly Average Price as on		% Change
	24-Dec-15	17-Dec-15	
Prices	69.9	70.02	-0.2
Prices in US cents per Pound			



## China Cotton Index and Foreign Cotton Index

According to the China Cotton Association, the country is likely to import around 1.65 million tons of cotton in 2015-16. China during the current season would be consuming around 7.2 million tons. The ending stocks by the end of season 2015-16 would be around 13.16 million tons as compared to 13.56 million tons in 2014-15.

China is likely to produce 5.15 million tons of cotton this season, around 70,000 tons or 20.76% lower when compared to the previous year, according to the latest estimates by China cotton association.

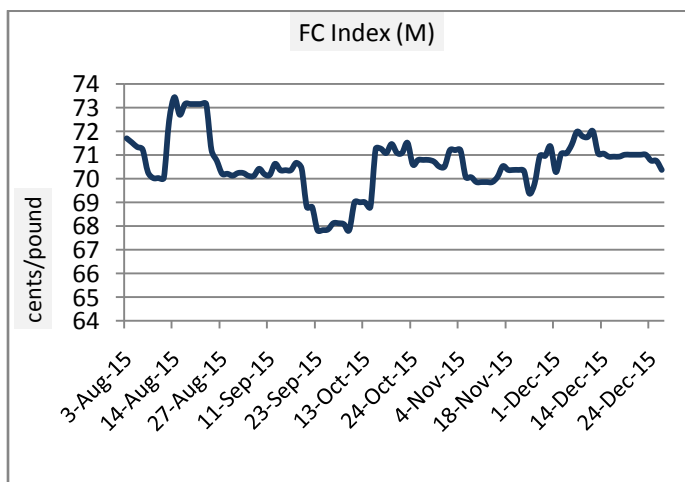
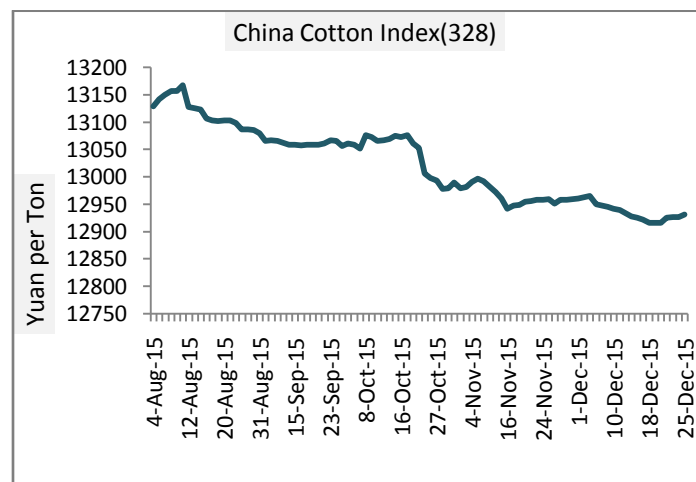
China is likely to import more cotton yarn this year instead of raw cotton, according to International Cotton Advisory Board (ICAC). As labor cost is rising in country, China is willing to cut the cost of cotton processing; meanwhile South East Asian countries are processing cotton at much cheaper rates.

China cotton index remained weak during the week. FC Index (M) remained 70.96 cents/pound, as compared to 70.98 cents/pound a week earlier.

Cotton Index	Weekly Average Price as on		% Change
	24-Dec-15	17-Dec-15	
FC (S)	74.2	74.3	-0.13
FC (M)	70.96	70.98	-0.03
FC (L)	68.99	69.1	-0.16
Prices in US cents per Pound			

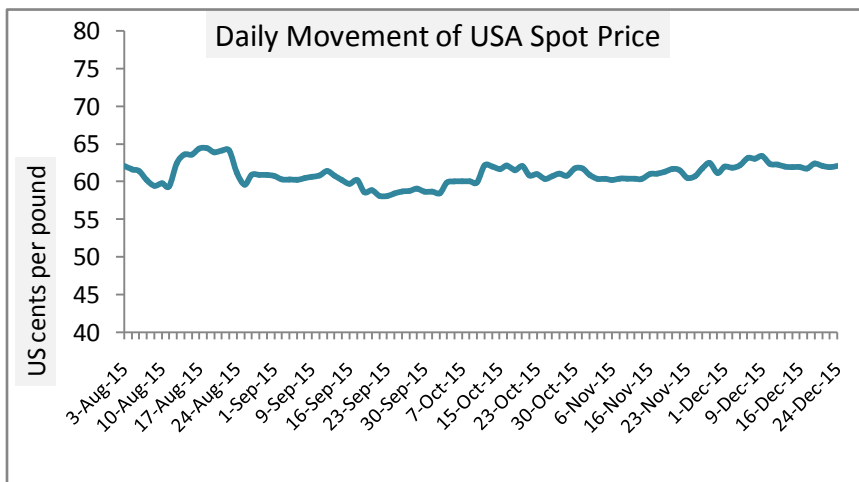
China Index too remained weak. CC Index (328) remained 12920 Yuan per ton during the week as average which was 12929 Yuan per ton during previous week.

Cotton Index	Weekly Average Price as on		% Change
	24-Dec-15	17-Dec-15	
CCIndex(229)	13566	13573	-0.05
CCIndex(328)	12920	12929	-0.07
CCIndex(527)	11866	11878	-0.10
Prices in Yuan per ton			



## USA Spot Prices

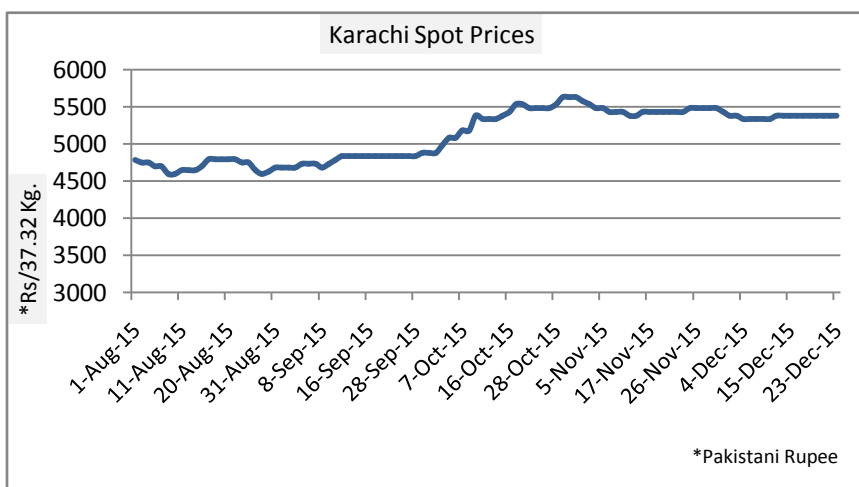
According to USDA latest report, USA cotton production would stand around 2.83 million tons, around 2% lower compared to the estimates of previous month i.e. 2.89 million tons and around 20% lower than the production of previous year i.e. 3.55 million tons. USA spot prices remained slightly firm during the week. Weekly average price was 62.10 cents/pound slightly higher compared to 62.00 cents/pound a week earlier.



USA Spot Prices	Weekly Average Price as on		% Change
	24-Dec-15	17-Dec-15	
Prices	62.1	62.00	0.16
Prices in US cents per Pound			

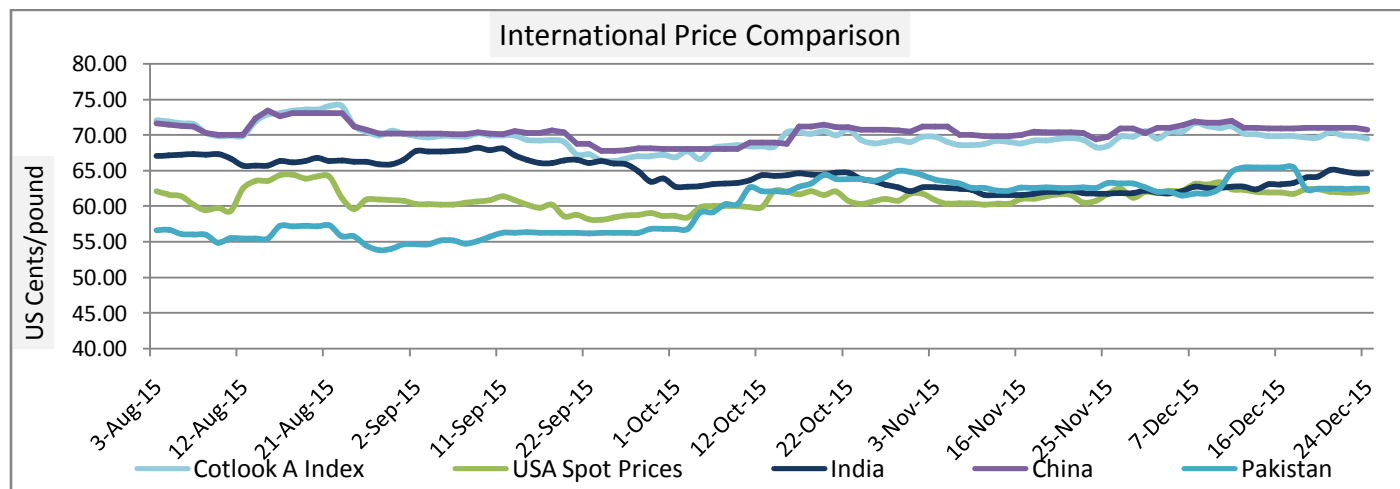
## Pakistan Spot Prices

Pakistan cotton prices are falling due to the expectation of higher imports this season. Pakistan is likely to import around 435 thousand tons of cotton in 2015-16, more than double the amount it imported in 2014-15, which was 182 thousand tons. Reason for the same is fall in the production to 1.7 million tons in current season from 2.3 million tons previous season.



Karachi Spot Prices	Weekly Average Price as on		% Change
	24-Dec-15	17-Dec-15	
Prices	5385	5385	Unch
Prices in Rs per 37.32 Kg			

## International Price Comparison



## Technical Analysis of Cotton Future (Mar'16 Contract) at ICE



### Weekly Technical Outlook:

- Candlesticks denote overall range-bound momentum in the market.
- Volume and Open Interest are falling.
- We expect cotton prices to remain range bound.

### Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range-bound Momentum	62.40-65.20

### Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
62.00	61.40	65.80	66.40

Figures in US cents per pound

\*Trade Recommendation as published on 17 Dec 2015

### Cotton Future Prices at ICE

Contracts	17-Nov-2015	Week ago	Month ago	Year ago	%W-o-W change	% M-o-M change	%Y-o-Y change
Mar-16	63.66	62.99	61.94	66.37	1.06	2.78	-4.08
May-16	64.35	63.79	62.77	--	0.88	2.52	--
Jul-16	64.99	64.44	63.34	--	0.85	2.60	--
Oct-16	64.51	64.15	62.80	--	0.56	2.72	--
Dec-16	64.85	64.59	63.69	--	0.40	1.82	--
Mar-17	65.12	64.89	--	--	0.35	--	--

### Domestic Cotton Prices and Arrivals at Key Centers

Centre	Variety	Weekly Average Prices as on		Change
		24th Dec 2015	18th Dec 2015	
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Amravati	Mech-1	4330	4185	145
Khandwa	Mech-1	NA	4125	-
Khargaon	Mech-1	NA	4300	-
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Mahesana(Kadi)	B.T. Cotton	4790	4665	125
Rajkot	B.T. Cotton	4890	4665	225
Patan	B.T. Cotton	4710	4575	135
Deesa	B.T. Cotton	4615	4495	120
Dhrol	B.T. Cotton	NA	4630	-
Muktsar	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	4800	4635	165
Adampur	B.T. Cotton	4670	4475	195
Fatehabad	B.T. Cotton	4690	4525	165
Dabwali	B.T. Cotton	4600	4390	210
Jind	B.T. Cotton	4725	4580	145
Uchana	B.T. Cotton	4730	4555	175
Rawatsar	B.T. Cotton	4560	4305	255
Hubli	B.T. Cotton	NA	4705	-
Hathras	B.T. Cotton	4500	4150	350
Hanumangarh	B.T. Cotton	4730	4515	215
	<b>Kapas</b>	<b>(Rs./Qtl)</b>		
Ahmedabad	Shankar-6	4890	4595	295
Gondal	Shankar-6	4930	4665	265
	<b>Kapas (Others)</b>	<b>(Rs./Qtl)</b>		
Bhiwani	Desi	4550	4535	15
Jamner (Jalgaon)	Medium Staple	NA	4225	-
Hathras	Desi	4300	3300	1000
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	5685	-

Raichur	H-44 Cotton	NA	3955	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	4100	4100	Unch
East Godavari	Un-Ginned	4100	4100	Unch
	<b>Lint</b>	<b>Rs./Maund (of 37.32kg each)</b>		
Abohar	J-34	3520	3455	65
Muktsar	J-34	NA	NA	-
Fazilika	J-34	NA	NA	-
Bhatinda	J-34	3520	3475	45
Sirsa	J-34	3510	3445	65
Mansa	J-34	3515	3440	75
Sri-Ganganagar	J-34	4630	4430	200

#### Cotton Association of India Spot Rates (Cotton Fiber Prices)

Trade Name	Staple	Micronaire	Strength / GPT	Rs. Per Candy		Change
				24 <sup>th</sup> Dec 2015	18 <sup>th</sup> Dec 2015	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	30225	29720	505
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	30725	30220	505
J-34(202)	26mm	3.5 - 4.9	23	32850	32040	810
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32625	32360	265
Shankar-6(105)	29mm	3.5 - 4.9	28	33675	33180	495
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33475	33160	315
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34375	34060	315
DCH-32(107)	34mm	3.0 - 3.8	33	45375	45000	375

#### State wise-summary of Weekly Prices

State	Prices 16-23 Dec 2015	Prices 09-15 Dec 2015	Prices 16-23 Dec 2014	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	4094.11	4130.41	4002.41	-0.88	2.29
Gujarat	4569.48	4349.2	4096.39	5.06	11.55
Haryana	4441.28	4296.84	3984.83	3.36	11.45
Karnataka	4529.45	4643.1	4287.51	-2.45	5.64
Madhya Pradesh	4477.42	4280.58	4115.73	4.6	8.79
Maharashtra	4357.93	4195.11	4205.77	3.88	3.62
Orissa	4088.87	4078.68	4040.94	0.25	1.19
Punjab	4496.74	4370.76	3975.45	2.88	13.11
Rajasthan	4503.2	4323.37	4126.02	4.16	9.14
Tamil Nadu	4365.17	3502.14	3904.1	24.64	11.81
Telangana	4038.34	3999.95	4027.38	0.96	0.27
Uttar Pradesh	4343.75	4302.38	4359.78	0.96	-0.37
Average	4358.81	4206.04	4048.18		

Source: Agmarknet

**Cotton Weekly Cumulative Arrivals:**

Centre	Variety	Weekly Total Arrivals (In Quintals)		Change
		19th Dec to 24th Dec 2015	12th Dec to 18th Dec 2015	
Amravati	Mech-1	26400	156000	-129600
Khandwa	Mech-1	NA	11000	-
Khargaon	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	48000	400000	-
Rajkot	B.T. Cotton	5670	24850	-19180
Patan	B.T. Cotton	9428	44180	-34752
Deesa	B.T. Cotton	1793	12175	-10382
Dhrol	B.T. Cotton	816	NA	-
Fazilika	B.T. Cotton	NA	1663	-
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	3000	25000	-22000
Adampur	B.T. Cotton	986	4930	-3944
Fatehabad	B.T. Cotton	890	6900	-6010
Dabwali	B.T. Cotton	570	5515	-4945
Jind	B.T. Cotton	367	770	-403
Uchana	B.T. Cotton	1380	10700	-9320
Rawatsar	B.T. Cotton	1020	7700	-6680
Hubli	B.T. Cotton	31	362	-331
Hathras	B.T. Cotton	4	NA	-
Hanumangarh	B.T. Cotton	2100	12000	-9900
Ahmedabad	Shankar-6	39100	328100	-289000
Gondal	Shankar-6	2667	20310	-17643
Bhiwani	Desi	320	2500	-2180
Jamner (Jalgaon)	Medium Staple	109	310	-201
Hathras	Desi	4	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	12	220	-208
Raichur	H-44 Cotton	1147	6272	-5125
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	1564	8500	-6936
Bhatinda	J-34	7963	53890	-45927
Sirsa	J-34	1224	13056	-11832
Mansa	J-34	510	2465	-1955
Sri-Ganganagar	J-34	250	2700	-2450

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