

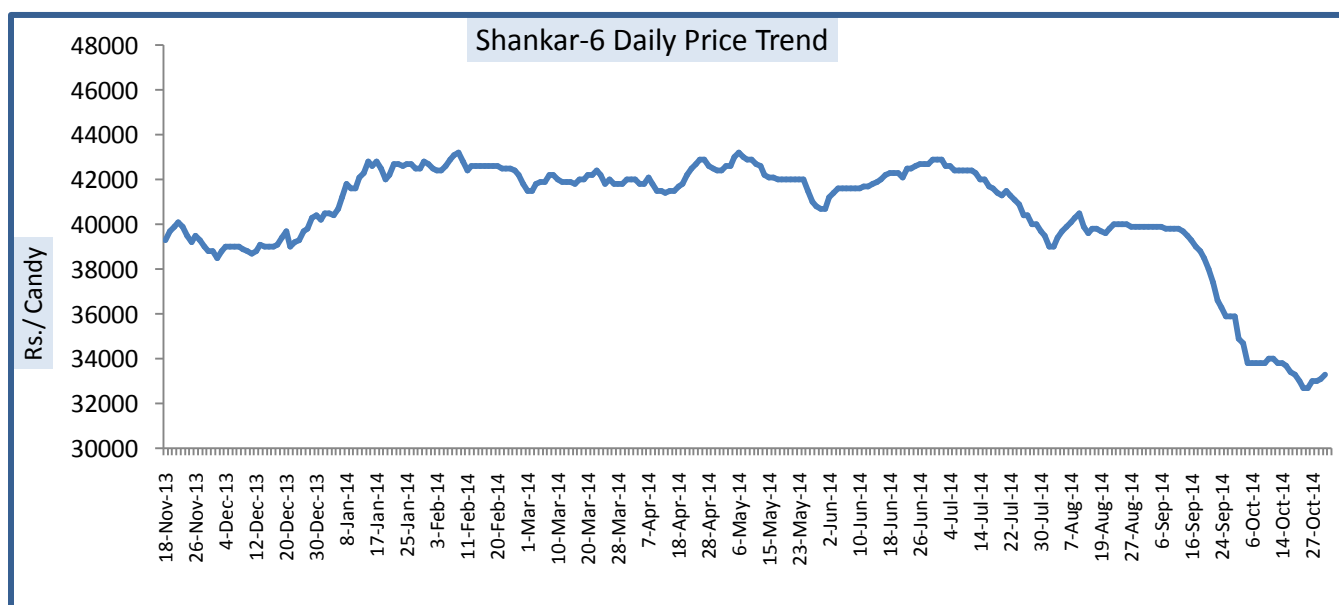
Current Market Outlook

Cotton Corporation of India (CCI) has started the procurement of cotton in Andhra Pradesh and Telangana at MSP, as the local prices in these markets is being quoted lower than MSP. According to the officials of CCI, around 15,000 bales of cotton have been procured in the last week. The MSP of long staple cotton is Rs. 4050 per quintal, but Rs. 3,800-3,900 a quintal were quoted for the same variety in these markets.

Export of cotton from the country is picking pace on the commencement of the crop season but despite the expectation of higher production this year, exports of the fiber is likely to remain weak during the current season 2014-15. Cotton Advisory Board (CAB) has anticipated exports of 9 million bales this season, 23% lower from the previous year export, which were 11.7 million bales. According to various analyst though, cotton exports would be around 7-7.5 million bales, fairly lower than the CAB estimates.

Amid higher production in the country and the region, farmers in Vidarbha are facing trouble as prices are falling downwards due to the leading supplies. Prices are breaching the level of Rs. 4000 per quintal which is average minimum support price (MSP). Also National Agricultural Cooperative Marketing Federation of India Limited (NAFED), who has affiliated Maharashtra State Federation to procure cotton, has proposed that, no farmer should be allowed to sell more than 25 quintals in a day at MSP and purchase by federation at MSP should not exceed 25% of the output in its area of operation. This proposal has further added worries to the farmers.

India exports of Textile and Apparel to USA has surged by 7% during January-August 2014, according to US Department of Commerce's Office of Textiles and Apparel (OTEXA) data. The same has noticed the annual growth of 2% in last five year. India has exported textile and apparel to USA valued USD 4.54 billion in August this year compared to USD 4.26 billion previous year during the same period.

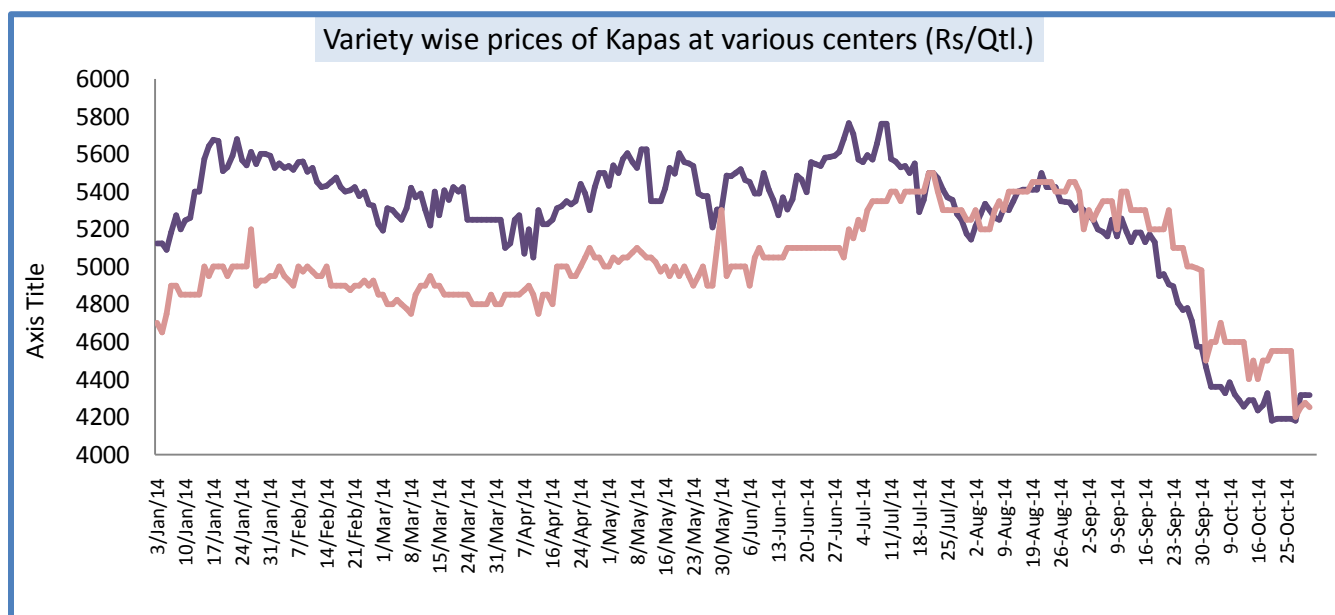


Cotton Prices and Arrivals

Cotton Prices at Key Spot Market:

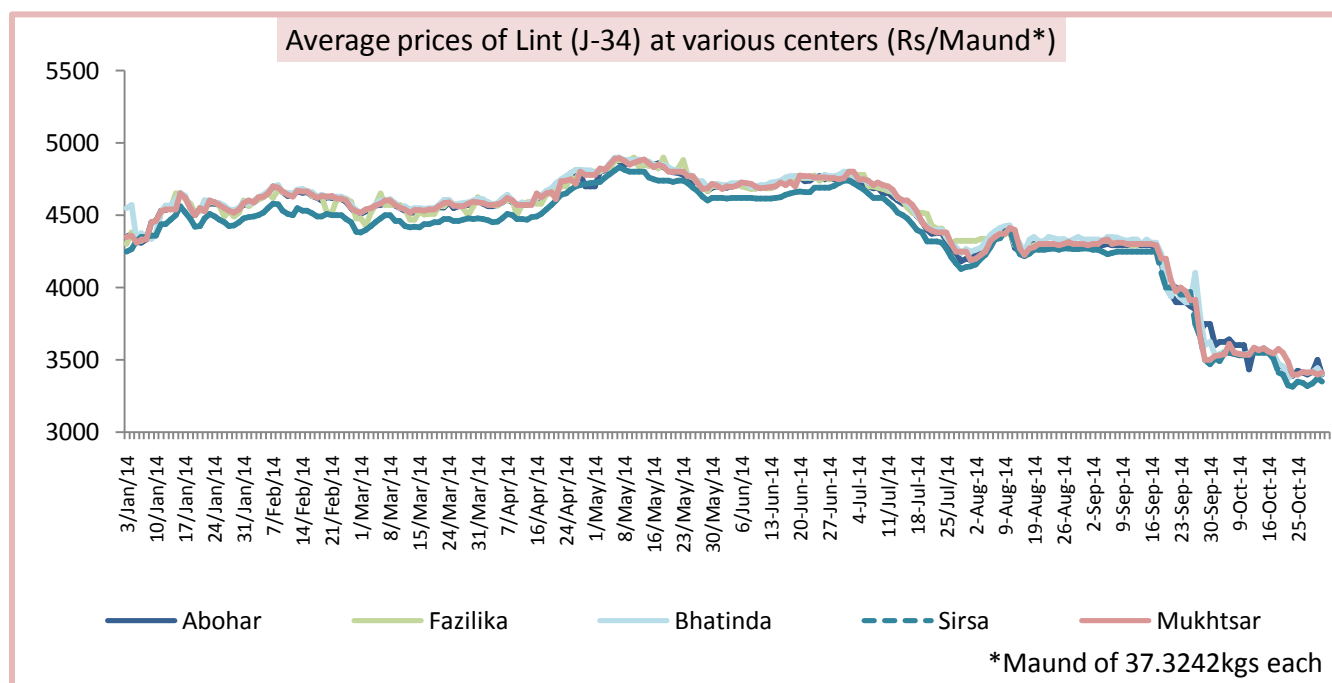
Centre	Variety	Weekly Average Prices		Change
		31-Oct-14	22-Oct-14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4245	4490	-245
Khandwa	Mech-1	NA	NA	--
Khargaon	Mech-1	NA	NA	--
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4315	4205	110
Rajkot	B.T. Cotton	4250	4230	20
Patan	B.T. Cotton	4230	4195	35
Deesa	B.T. Cotton	NA	NA	--
Muktsar	B.T. Cotton	4130	4015	115
Fazilika	B.T. Cotton	4125	4035	90
Bhiwani	B.T. Cotton	4255	4230	25
Adampur	B.T. Cotton	4185	4170	15
Fatehabad	B.T. Cotton	4185	4175	10
Dabwali	B.T. Cotton	4085	4035	50
Jind	B.T. Cotton	4290	4250	40
Uchana (Jind)	B.T. Cotton	4187	NR	--
Rawatsar (Hanumangarh)	B.T. Cotton	4090	4010	80
Hubli	B.T. Cotton	4143	NA	--
	Kapas			
Ahmedabad	Shankar-6	4215	4125	90
Gondal	Shankar-6	4305	4255	50
	Kapas			
Bijapur	Bunny	4175	4090	85
Hubli	D.C.H.	NA	NA	--
Raichur	H-44 Cotton	4265	4190	75
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	3425	3425	Unch
Muktsar	J-34	3410	3500	-90
Fazilika	J-34	3415	3455	-40
Bhatinda	J-34	3420	3425	-5
Mansa	J-34	3413	3418	-5
Sirsa	J-34	3345	3360	-15
Sri-Ganganagar	J-34	3355	3195	160
Hanumangarh	B.T. Cotton	4090	4000	90

Average Prices of Kapas (Seed Cotton) at Various Centers:



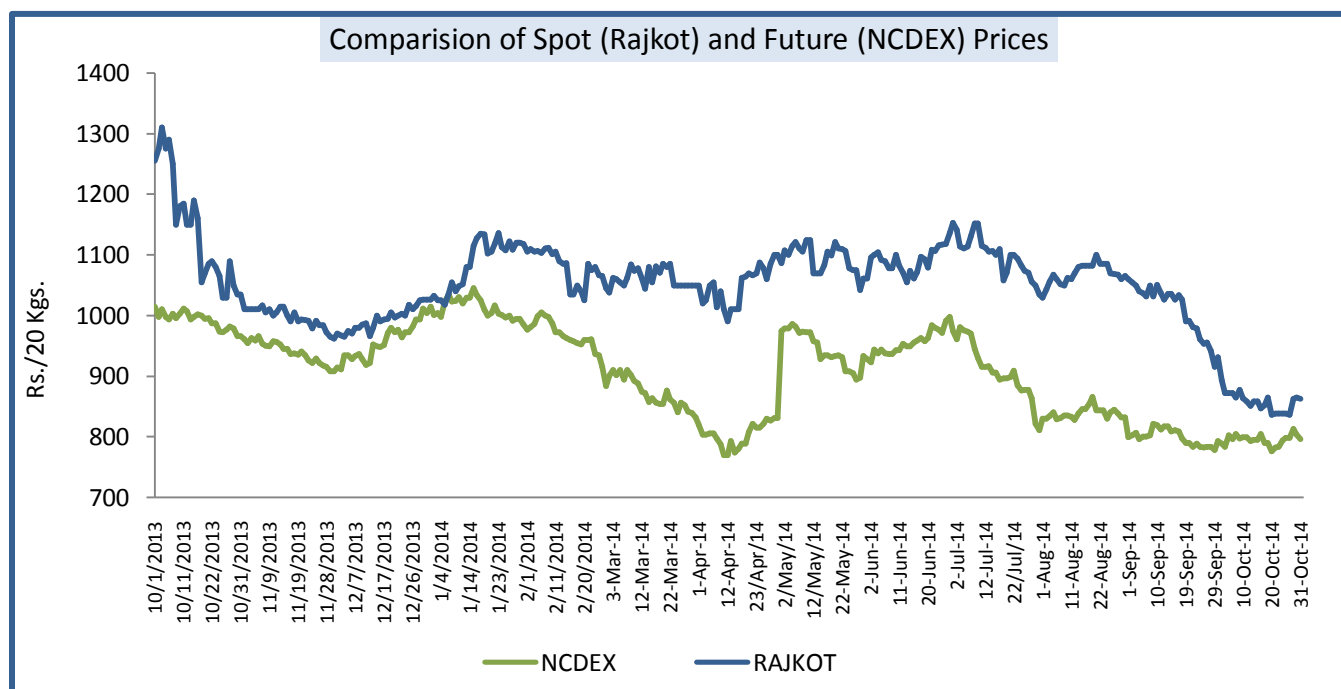
The graph shown above is depicting a slight uptrend in prices of kapas in domestic market. Exports are picking up the paces as the season has begun, which has lent a little correction in the prices. We expect prices to remain range bound with firm biasness.

Average Prices of Lint at Various Centers:



Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				30-Oct-14	29-Oct-14	
Bengal Deshi (RG)/Assam Comilla (101)	<22mm	5.0 - 7.0	15	37500	37200	300
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	38100	38100	Unch
J-34(202)	26mm	3.5 - 4.9	23	31600	31300	300
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	32600	32400	200
Shankar-6(105)	29mm	3.5 – 4.9	28	33300	33100	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34600	34500	100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35400	35400	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	43900	43700	200

Movement of Prices at Spot and Future Market:


Both spot and future market has noticed a little recovery in the prices following the amplified export demand which has been noticed this month as new season commences in the country but overall exports would be on lower side during the season leading to the prices to fall. Also production in the country is expected higher which is also pressuring the prices to remain timid.

Cotton Arrivals in Key Centers:

Centre	Variety	Weekly Sum Arrivals (Qtl)		Change
		31-Oct-14	22-Oct-14	
Amravati	Mech-1	220	175	45
Khandwa	Mech-1	2000	NA	-
Khargaon	Mech-1	30000	NA	-
Mahesana(Kadi)	B.T. Cotton	43500	38500	5000
Rajkot	B.T. Cotton	6070	9565	-3495
Patan	B.T. Cotton	36622	23580	13042
Deesa	B.T. Cotton	NA	NA	-
Fazilika	B.T. Cotton	9500	10500	-1000
Bhiwani	B.T. Cotton	29500	15000	14500
Adampur	B.T. Cotton	4335	2805	1530
Fatehabad	B.T. Cotton	6300	6100	200
Dabwali	B.T. Cotton	4690	2250	2440
Jind	B.T. Cotton	3910	1343	2567
Uchana (Jind)	B.T. Cotton	4070	NR	-
Rawatsar (Hanumangarh)	B.T. Cotton	2550	2000	550
Hubli	B.T. Cotton	172	NA	-
Ahmedabad	Shankar-6	42500	37400	5100
Gondal	Shankar-6	6880	2400	4480
Bijapur	Bunny	545	89	456
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	6704	3569	3135
Abohar	J-34	6970	6290	680
Muktsar	J-34	NA	NA	-
Bhatinda	J-34	137700	86700	51000
Mansa	J-34	6018	4845	1173
Sirsa	J-34	9010	7650	1360
Sri-Ganganagar	J-34	10200	6800	3400
Hanumangarh	B.T. Cotton	15500	6000	9500

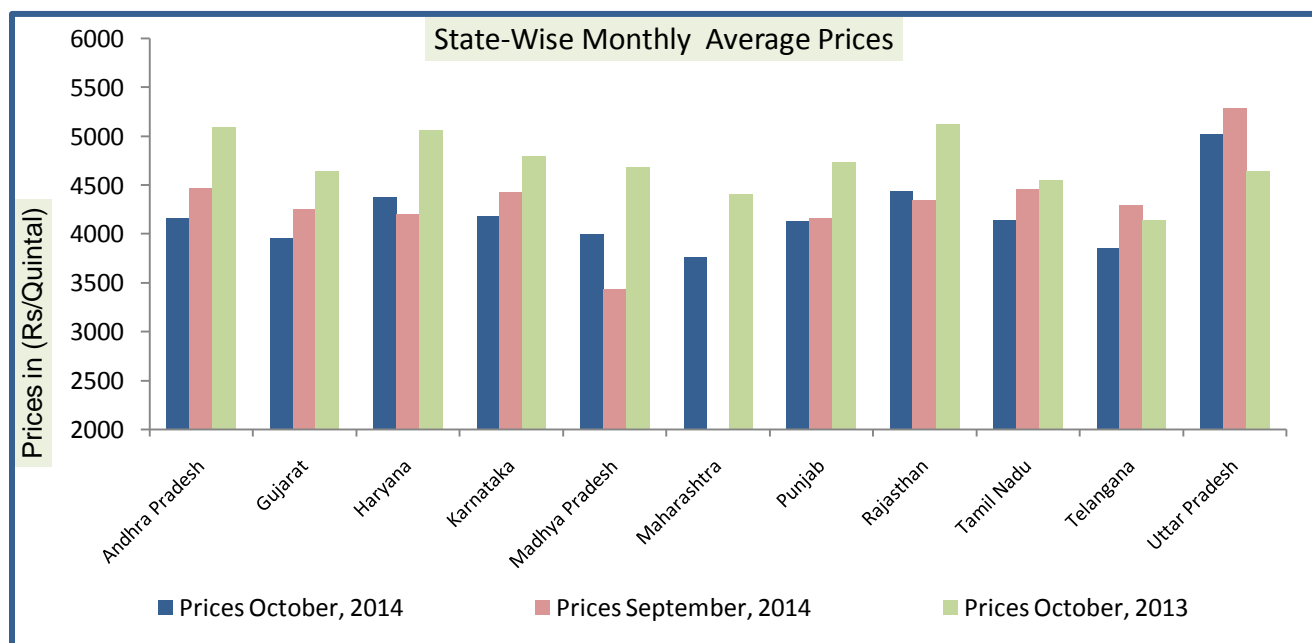
Arrivals of new crop are picking up the pace. According to the market participants production of the cotton this year would surpass the production of previous year. Cotton production in India during the current season (Oct'14-Sep'15), would be around 400 lakh bales (of 170 kgs. each), as estimated by consultative committee of the Cotton Advisory Board (CAB). According to the latest estimates of Agriwatch, output of cotton in the country would stand around 395 lakh bales compared to 366 lakh bales in previous season.

State wise Scenario

State wise Prices (Rs./Qtl.)

State	Prices October, 2014	Prices September, 2014	Prices October, 2013	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	4155.41	4474.24	5096.75	-7.13	-18.47
Gujarat	3953.84	4256.97	4642.15	-7.12	-14.83
Haryana	4383.31	4203.89	5062.21	4.27	-13.41
Karnataka	4177.42	4427.27	4792.02	-5.64	-12.83
Madhya Pradesh	3995.35	3439.93	4679.53	16.15	-14.62
Maharashtra	3759.72		4404.9	—	-14.65
Punjab	4122.57	4158.4	4734.16	-0.86	-12.92
Rajasthan	4441.3	4347.07	5121.32	2.17	-13.28
Tamil Nadu	4139.55	4459.08	4550.41	-7.17	-9.03
Telangana	3857.41	4290.55	4146.05	-10.1	-6.96
Uttar Pradesh	5023.33	5285.15	4639.9	-4.95	8.26
Average	5490.3	5752.8	5096.67		

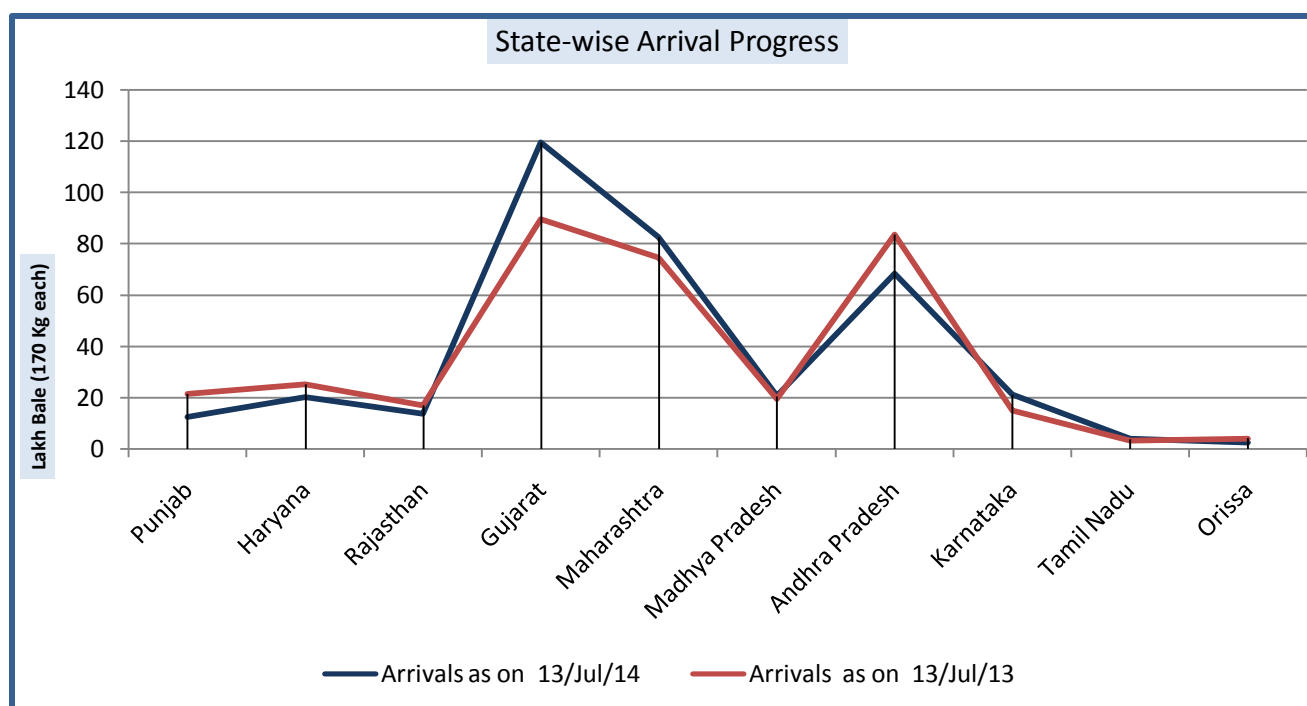
In all the mentioned states, cotton prices are showing downtrend on Y-o-Y basis except Uttar Pradesh. On M-o-M basis also, prices are showing downtrend except Madhya Pradesh, Haryana and Rajasthan. Currently highest prices are being noticed in Uttar Pradesh and Haryana.



State wise Arrivals (in lakh bales of 170 kgs each):

States	2013-14*		2012-13	
	Production as per CAB 2/Jul/14	Arrivals As on 13/Jul/14	Production as per CAB 2/Jul/13	Arrivals As on 13/Jul/13
1. Punjab	21	12.4	21	21.54
2. Haryana	23	20.1	25	25.24
3. Rajasthan	14	13.5	17	17
A. North Total (1+2+3)	58	46	63	63.78
4. Gujarat	120	119.44	93	89.67
5. Maharashtra	84	82.48	79	74.64
6. Madhya Pradesh	19	20.54	19	19.63
B. Central Total (4+5+6)	223	222.46	191	183.94
7. Andhra Pradesh	76	68.38	84	83.7
8. Karnataka	22	21.19	15	14.95
9. Tamil Nadu	5	3.74	6	3.33
C. South Total (7+8+9)	103	93.31	105	101.98
10. Orissa	4	2.34	4	4.18
11. Others	2	2	2	2
D. Total (10+11)	6	4.34	6	6.18
Grand Total (A+B+C+D)	390	366.11	365	355.88

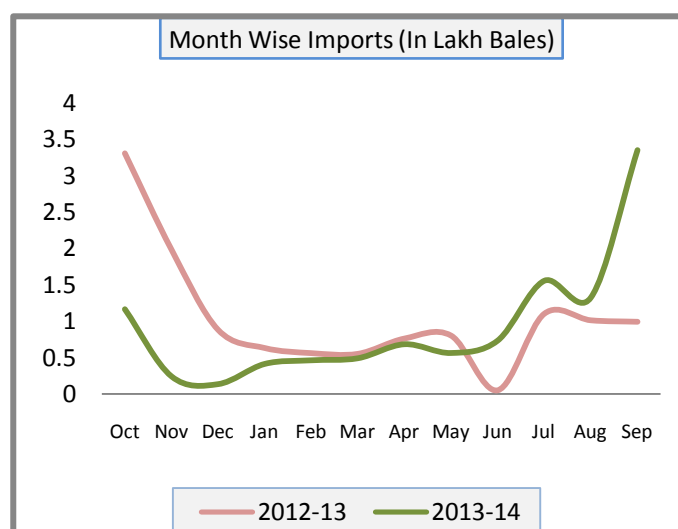
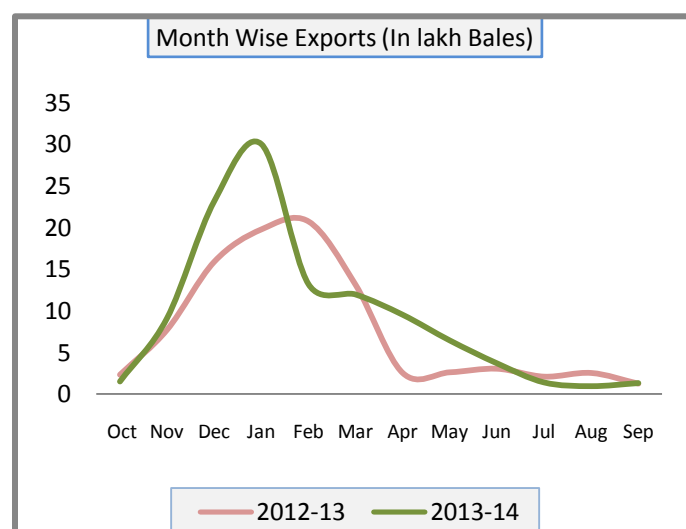
* Inclusive of new crop arrivals in September 2013
 **Source : Cotton Corporation of India (CCI)



Cotton Export and Import

Cotton Exports(In Lakh Bales)		
Month	2012-13	2013-14
Oct	2.29	1.43
Nov	7.68	9.06
Dec	15.83	23.12
Jan	19.71	30
Feb	20.67	13.15
Mar	13.07	11.9
Apr	2.5	9.46
May	2.58	6.37
Jun	3.01	3.62
Jul	2.06	1.32
Aug	2.5	0.87
Sep	1.22	1.24
Total	93.12	111.5

Cotton Imports(In Lakh Bales)		
Month	2012-13	2013-14
Oct	3.3	1.16
Nov	1.98	0.24
Dec	0.88	0.133
Jan	0.63	0.41
Feb	0.56	0.46
Mar	0.55	0.488
Apr	0.76	0.68
May	0.8	0.56
Jun	0.05	0.73
Jul	1.1	1.55
Aug	1.01	1.32
Sep	0.99	3.34
Total	12.61	11.07



Weekly Export Import Data

Date	20-26 Oct 2014	13-19 Oct. 2014
Export (In lakh Bales)	0.62	0.36
Import (In lakh Bales)	0.31	0.37

Source: IBIS

International Market Scenario

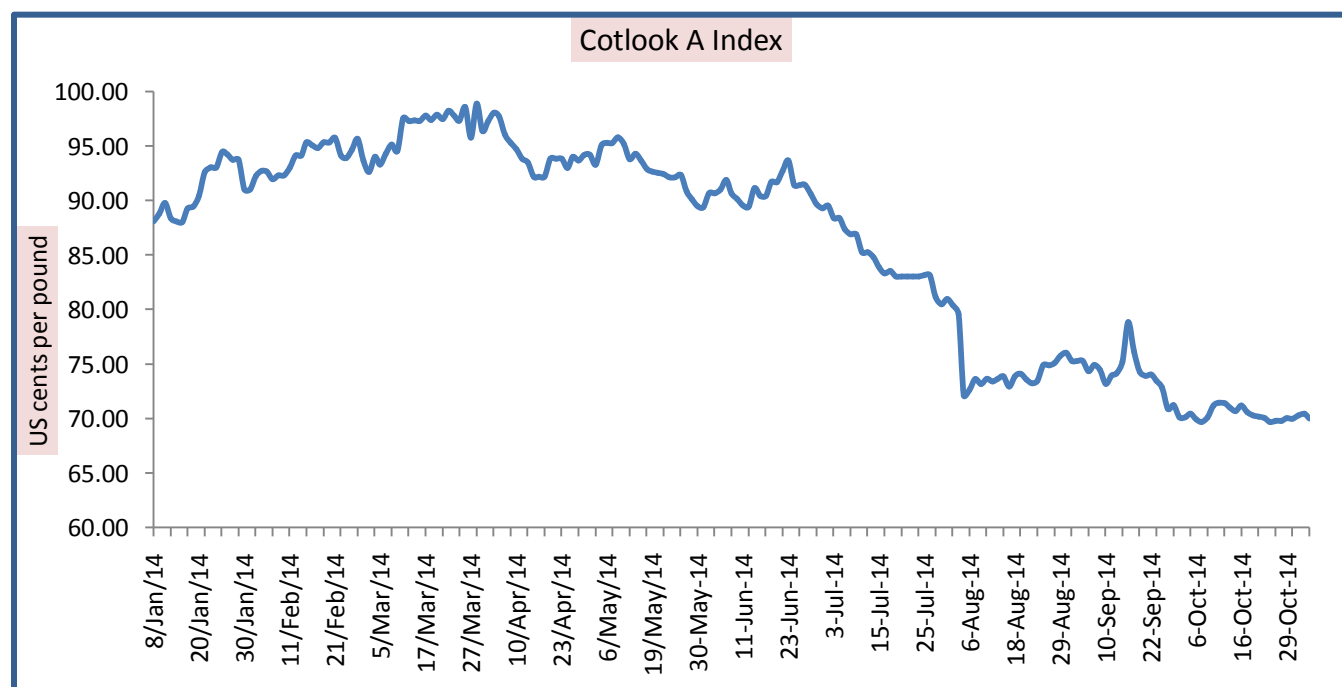
According to the latest report released by USDA, as on October 26, 2014, 48% of cotton crop in USA is in excellent to good condition, which was 47% last week and 44% a year ago. 91% bolls open has reported in cotton which was 86% last week and 95% as five year average. 42% of cotton harvesting reported which was 29% a week ago and 41% as a 5 year average.

Uzbekistan has finished the cotton harvest campaign. The farmers of the country have harvested 3.4 million tonnes of cotton this year. It has been reported that 90% of the harvested crop is of high grade.

China imported around 122,900 tonnes of cotton in September this year, 39% lower when compared to same month last year, reported China Cotton Association (CCA). During the initial nine month of the year, China imported 2 million tonnes of cotton, 38% lower when compared to same period last year.

Cotton output in West Africa is likely to surge by 19 percent to 25.70 lakh tonnnes for the season 2014/15 as government has fixed high prices for the commodity, which has attracted more growers, as revealed by data compiled by Reuters.

According to the latest report of USDA, countries could face fall in the export of cotton and its products including yarn and textiles due to lack of price competitiveness if they support the policies that support prices above the world market.

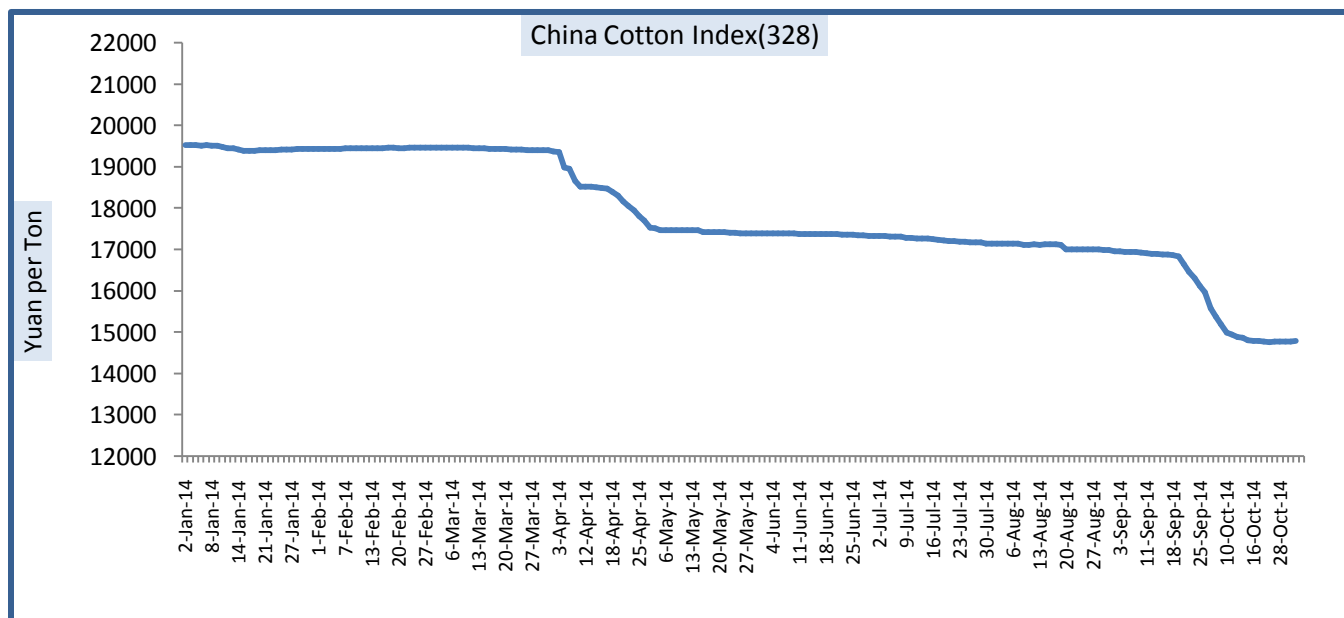


International Prices and Indices

China Cotton Index:

CC Indices	31-Oct-14	27-Oct-14	% Change
CC Index(229)	15288	15272	0.10
CC Index(328)	14786	14777	0.06
CC Index(527)	13678	13678	0.00

Prices in Yuan per Ton



Cotlook A Index:

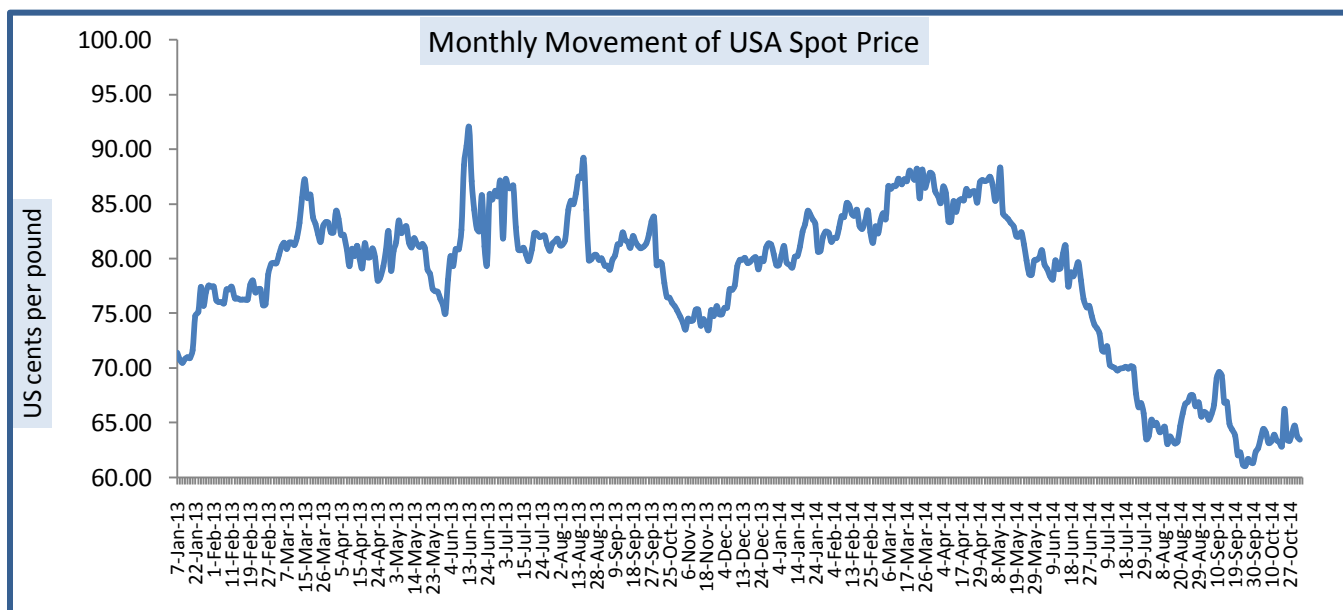
Date	31-Oct-14	24-Oct-14	% Change
Prices	70	69.8	0.29

Prices in US cents per Pound

USA Spot Prices:

Date	31-Oct-14	24-Oct-14	% Change
Prices	63.46	63.47	-0.02

Prices in US cents per Pound


World Monthly Average Cotlook A Index (FE) in US cents per Pound:

Month	2013-14	2014-15	Y-o-Y % Change
August	92.71	73.99	-20.19
September	94.6	73.38	-22.43
October	89.35	70.34	-21.28
November	84.65		
December	87.49		
January	90.96		
February	94.05		
March	96.94		
April	94.2		
May	92.7		
June	90.89		
July	83.83		

Cotton Futures (ICE):

Contracts	31-Oct-2014	24-Oct-2014	31-Oct-2013	%W-o-W change	%Y-o-Y change
Oct-14	64.45	63.81	76.54	1.00	-15.80
Dec-14	62.92	62.17	--	1.21	--
Mar-15	63.80	63.02	--	1.24	--
May-15	64.61	63.91	--	1.10	--
Jul-15	65.67	65.13	--	0.83	--
Oct-15	66.61	65.76	--	1.29	--

Figures in US cents per pound

Cotton Futures

Technical Analysis of Cotton Future (April'15 Contract) at NCDEX:



Weekly Technical Outlook:

- Candlesticks denote range bound sentiments for the coming days.
- RSI is moving overall high in neutral region supporting bullish tone.
- MACD is depicting bullish signal line and centerline cross over.
- Prices closed below the 9 and 18 days EMA.
- We expect cotton prices to remain range bound to firm in coming days.

Expected Price Range During Coming Week.

Expected Trend	Expected Trading Band
Range Bound to Bullish	785-820

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
770	750	840	850

Figures in Rs. per 20Kgs.

Technical Analysis of Cotton Future (Dec'14 Contract) at ICE

Weekly Technical Outlook:

- Candlesticks depict range bound to firm momentum.
- Strong prices and increasing OI depicts firmness in the market.
- We expect prices to remain range bound to firm in coming days.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range bound to Bearish	62.20-67.00

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
61.60	61.00	67.60	68.00

Figures in US cents per pound

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