

Current Market Outlook

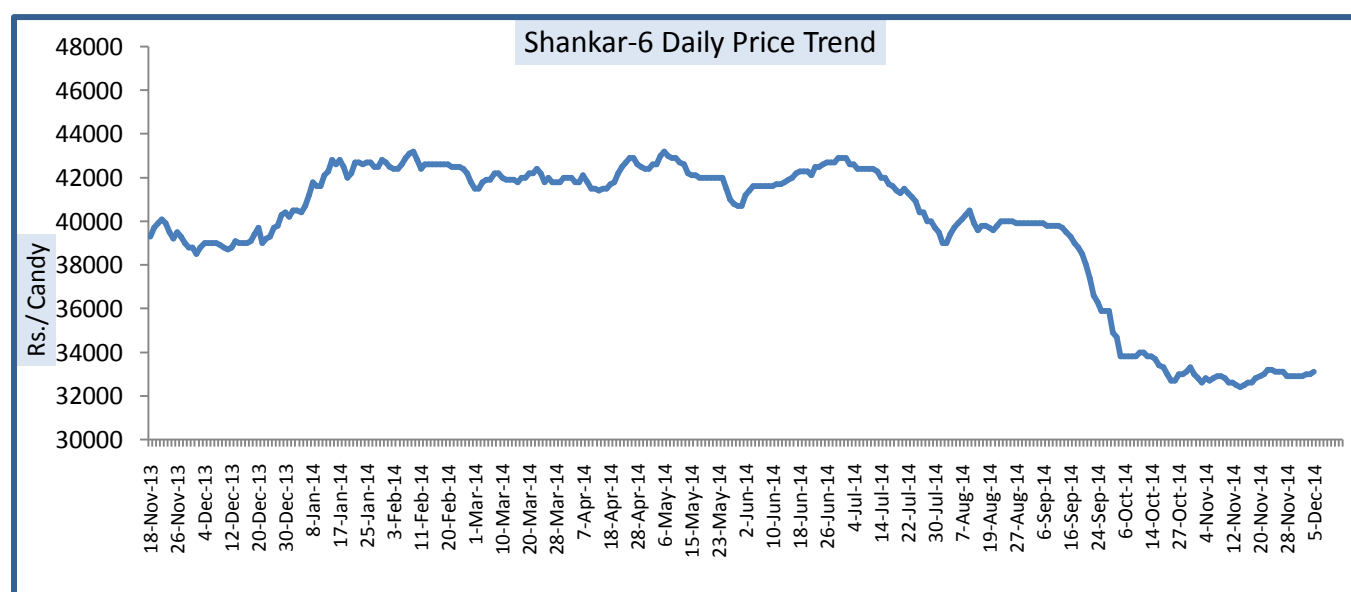
According to latest FAS report released by USDA, production of cotton in India would be around 392 lakh bales in season 2014/15. The yield estimated for the current season is 525 kg per hectare which is lower than the 538 kg per hectare, the average yield of three years. As farmers said, the fall in yield is the outcome of deficit rainfall, which led the lesser numbers of bolls per plant.

India's minister of state for agriculture Mohanbhai Kundaria said that there is no proposal to increase the minimum support price (MSP) of cotton. According to the minister, Cotton Corporation of India (CCI) has geared up for procurement of cotton at MSP in 341 centers in 92 districts from the 11 cotton growing states.

Around 18000 hectares of cotton crop in Jalgaon and 8560 hectares in Dhule have been diagnosed with Cotton wilt, locally known as "Mar" disease caused by Fusarium oxysporum fungus, as reported by Commissionerate of Agriculture, Pune, Government of Maharashtra. As the intensity of the disease is found to be below Economic Threshold Level (ETL), there are fewer chances of any significant losses to occur.

According to Cotton Corporation of India (CCI), total consumption of cotton in India during the season 2014-15 would be around 311 lakh bales, 4.1% higher when compared to the consumption of previous year, when the same was 298.88 lakh bales. Mill consumption and Small mill consumption would be around 275 and 26 lakh bales respectively and Non mill consumption is likely to be around 10 lakh bales.

Cotton exports from India are likely to fall by 45% this season from major importers China and Bangladesh. During the current season 2014-15, India is likely to export 6.5 to 7 million bales (of 170 kg. each) of cotton, which was 11.8 million bales last year, said Cotton Advisory Board (CAB).



Domestic Balance Sheet

Item	2013-14*	2014-15*
Supply		
Opening stock	40	32
Crop size	398	400
Imports	10.8	7
Availability	448.8	439
Demand		
Mill consumption	266	275
Small Mill consumption	24.88	26
Non-Mill consumption	8	10
Total consumption	298.88	311
Export	117.92	90
Total Demand	416.8	401

All figures in Lakh Bales (of 170 Kgs. Each)

*Source: Cotton Corporation of India (CCI)

BALANCE SHEET HIGHLIGHTS:

Opening stock would remain lower this season (Oct'14-Sept'15) compared to the previous one. According to CCI, opening stocks would stand 20% lower this season. Production would be on higher side in the current season following the higher acreage in the country.

As per the latest estimates released by Ministry of Agriculture (MoA), around 126.55 lakh hectare of area has been sown under cotton this year, around 10.64% higher than the previous year, when it was 114.37 lakh hectares.

Imports are expected to fall as there would be ample supply in the country and domestic prices are likely to remain weaker which would diminish the cotton imports. Lower opening stocks and lesser imports will hence make the total supply lower compare to the previous season.

Consumption of cotton in country is likely to increase on amplified demand from textile and garments industry, but it would not cause any supply deficit because of enough availability in the country.

Exports are expected to see a remarkable fall because China will import lesser due to restrictive import policy, which is announced to terminate the cotton stockpiling program.

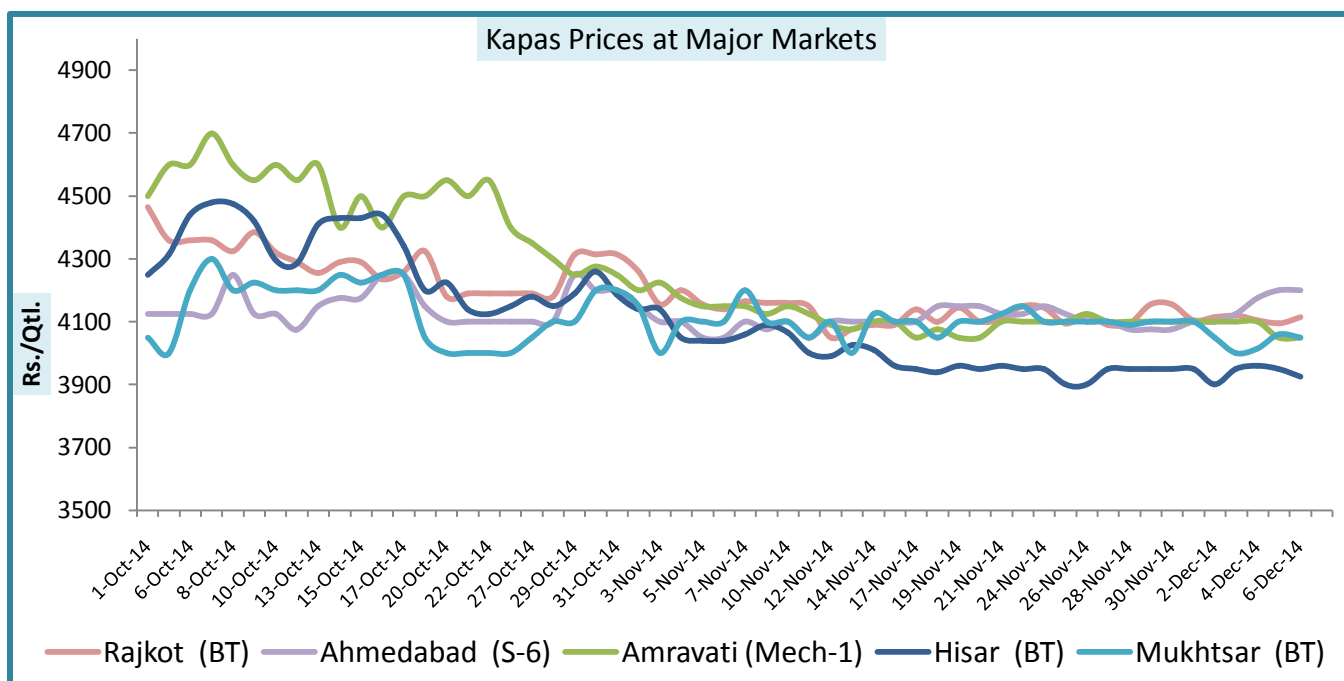
Cotton Prices and Arrivals

Cotton Prices at Key Spot Centers:

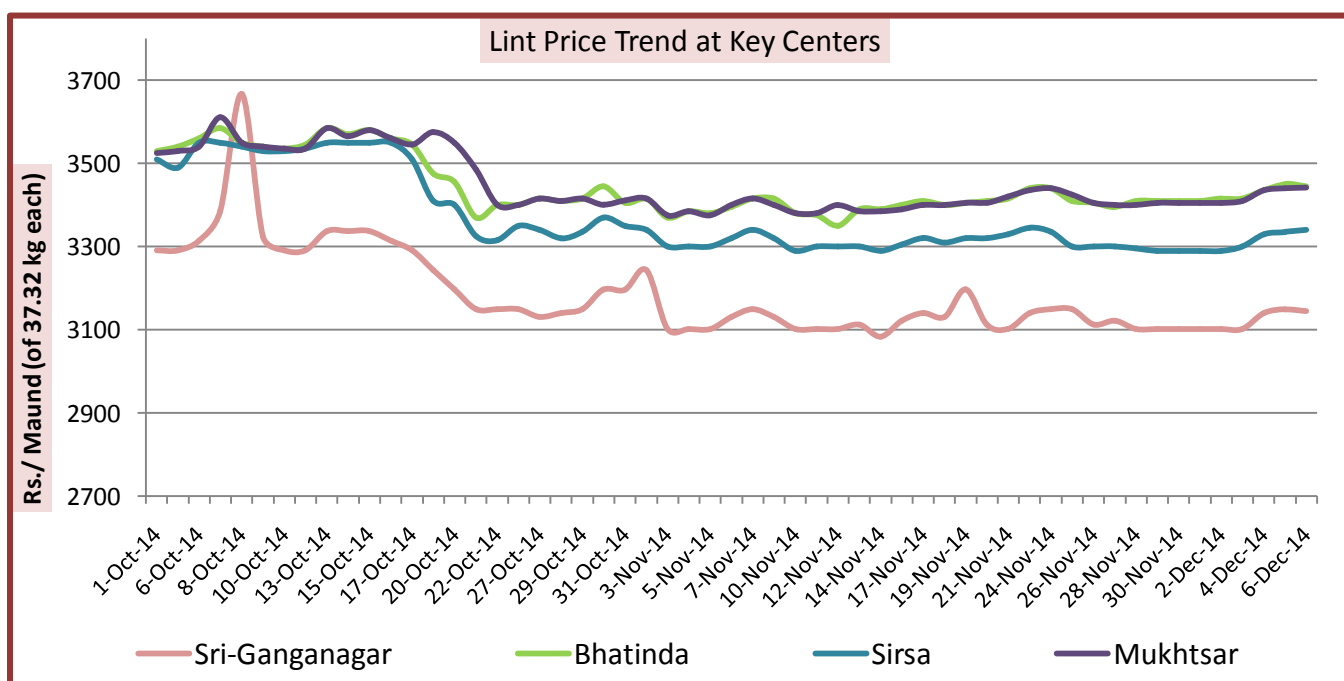
Centre	Variety	Weekly Average Prices		Change
		29th Nov to 5th Dec 14	22th to 28th Nov 14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4020	4105	-85
Khandwa	Mech-1	4050	4050	Unch
Khargaon	Mech-1	4050	4050	Unch
	Kapas	(Rs./Qtl)		
Mahesana(Kadi)	B.T. Cotton	4235	4265	-30
Rajkot	B.T. Cotton	4115	4115	Unch
Patan	B.T. Cotton	4165	4170	-5
Deesa	B.T. Cotton	3700	3985	-285
Muktsar	B.T. Cotton	4055	4110	-55
Fazilika	B.T. Cotton	4015	4050	-35
Bhiwani	B.T. Cotton	3950	3955	-5
Adampur	B.T. Cotton	3945	3935	10
Fatehabad	B.T. Cotton	3950	3960	-10
Dabwali	B.T. Cotton	3955	3965	-10
Jind	B.T. Cotton	4015	3995	20
Uchana (Jind)	B.T. Cotton	3900	3920	-20
Rawatsar (Hanumangarh)	B.T. Cotton	3870	3935	-65
Hubli	B.T. Cotton	4170	4215	-45
Hathras	B.T. Cotton	4435	3700	735
Hanumangarh	B.T. Cotton	3945	4005	-60
	Kapas	(Rs./Qtl)		
Ahmedabad	Shankar-6	4130	4115	15
Gondal	Shankar-6	4110	4155	-45
	Kapas	(Rs./Qtl)		
Hathras	Desi	3565	4800	-1235
Bijapur	Bunny	4105	4350	-245
Hubli	D.C.H.	5015	5020	-5
Raichur	H-44 Cotton	4070	4180	-110
Guntur	Un-Ginned	NA	4050	--
Kurnool	Un-Ginned	NA	NA	--
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	4000	4000	Unch
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	3420	3415	5
Muktsar	J-34	3415	3420	-5
Fazilika	J-34	3405	3415	-10

Bhatinda	J-34	3425	3415	10
Mansa	J-34	3415	3410	5
Sirsa	J-34	3305	3315	-10
Sri-Ganganagar	J-34	3125	3125	Unch

Price Trend of Kapas (Seed Cotton) at Key Centers:



Price Trend of Lint at Various Centers:

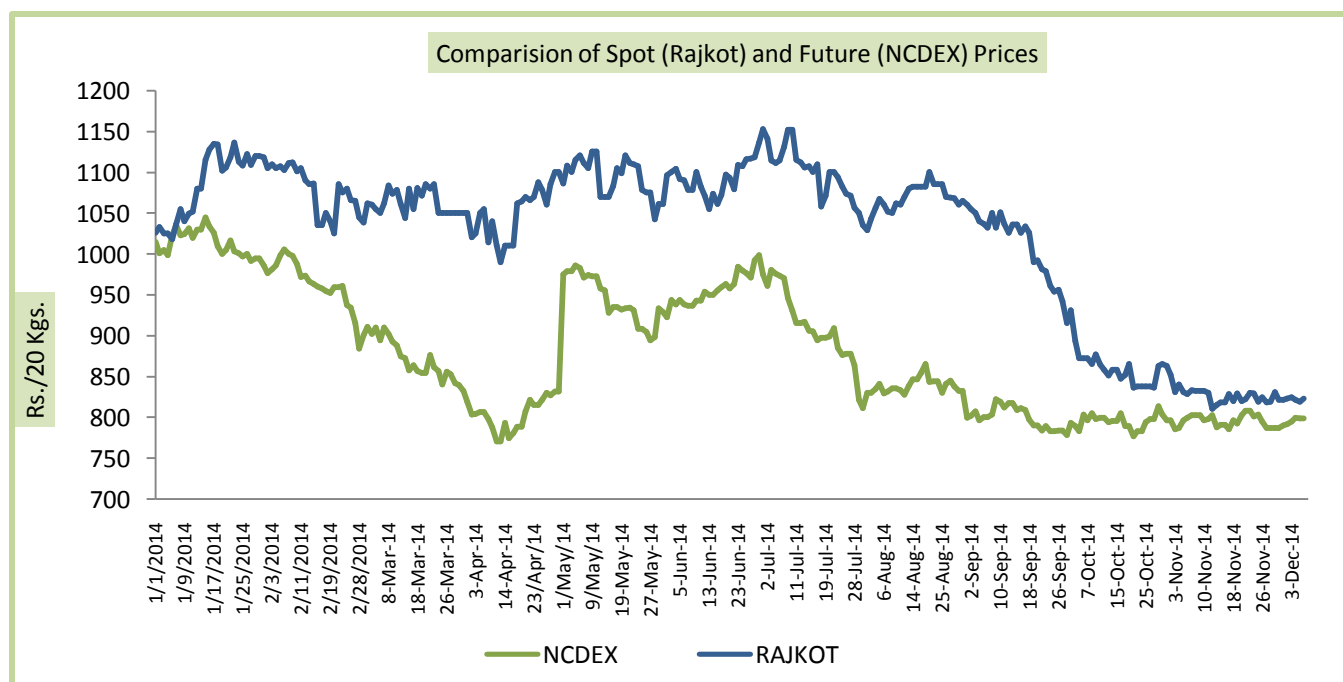


Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength / GPT	Weekly Average Prices		Change
				05 Dec 2014	28 Nov 2014	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	33000	33800	-800
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	33500	34300	-800
J-34(202)	26mm	3.5 - 4.9	23	31020	31050	-30
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32380	32300	80
Shankar-6(105)	29mm	3.5 - 4.9	28	32980	33050	-70
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34040	33975	65
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34940	34750	190
DCH-32(107)	34mm	3.0 - 3.8	33	43740	43325	415

Figures in Rs./ Candy

Price Movement at Spot and Future Market:



Cotton Arrivals at Key Centers:

Centre	Variety	Weekly Sum Arrivals (Qtl)		Change
		29th TO 5th Dec 14	22th TO 28th Nov 14	
Amravati	Mech-1	7900	3725	4175
Khandwa	Mech-1	9000	5700	3300
Khargane	Mech-1	42000	37000	5000
Mahesana(Kadi)	B.T. Cotton	205000	240000	-35000
Rajkot	B.T. Cotton	18075	24375	-6300
Patan	B.T. Cotton	92666	121124	-28458
Deesa	B.T. Cotton	14475	16875	-2400
Fazilika	B.T. Cotton	9600	10900	-1300
Muktsar	B.T. Cotton	3230	2805	425
Bhiwani	B.T. Cotton	22500	26000	-3500
Adampur	B.T. Cotton	39610	10710	28900
Fatehabad	B.T. Cotton	17800	12000	5800
Dabwali	B.T. Cotton	9800	12200	-2400
Jind	B.T. Cotton	7541	7225	316
Uchana	B.T. Cotton	17910	17020	890
Rawatsar	B.T. Cotton	3200	3200	Unch
Hubli	B.T. Cotton	1398	656	742
Hathras	B.T. Cotton(US)	210	355	-145
Hanumangarh	B.T. Cotton	24000	35700	-11700
Ahmedabad	Shankar-6	343400	265200	78200
Gondal	Shankar-6	11515	16560	-5045
Hathras	Desi	850	500	350
Bijapur	Bunny	21213	13593	7620
Hubli	D.C.H.	1090	476	614
Raichur	H-44 Cotton	17426	13579	3847
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	8840	7480	1360
Bhatinda	J-34	304300	273700	30600
Mansa	J-34	16490	12283	4207
Sirsa	J-34	27540	21250	6290

Sri-Ganganagar

J-34

56100

35700

20400

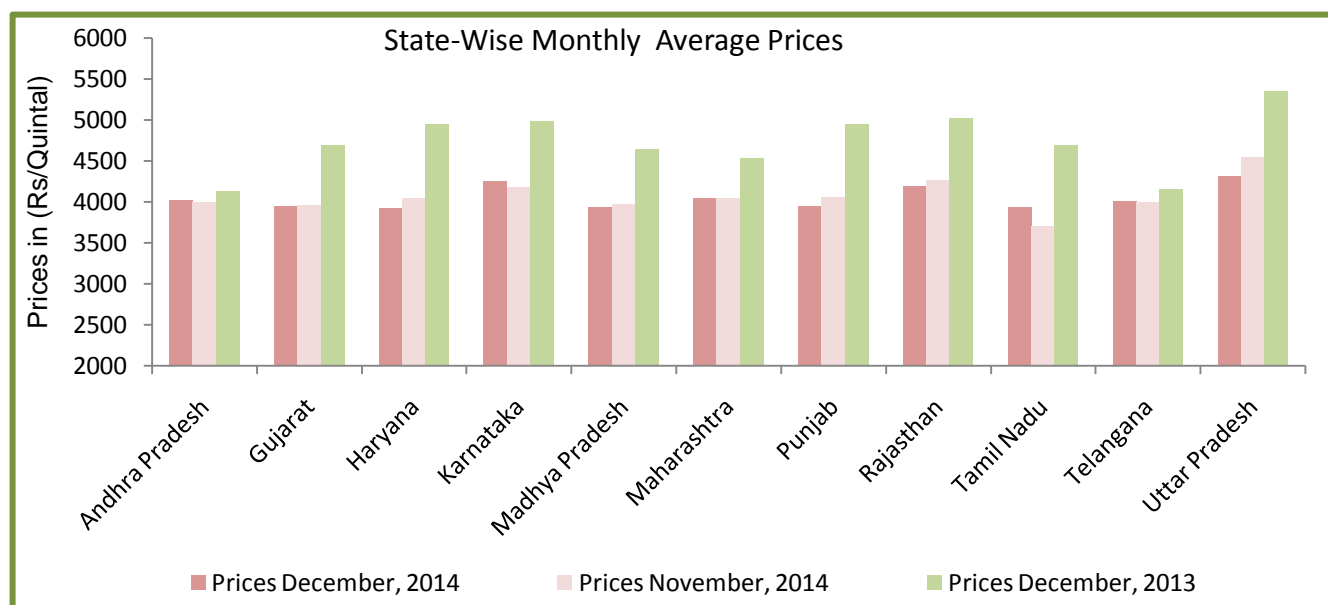
State wise Scenario

State wise Prices (Rs./Qtl.)

State	Prices December, 2014	Prices November, 2014	Prices December, 2013	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	4019.2	3993.12	4137.3	0.65	-2.85
Gujarat	3948.16	3961.3	4689.94	-0.33	-15.82
Haryana	3928.63	4046.68	4946.18	-2.92	-20.57
Karnataka	4256.03	4171.18	4990.34	2.03	-14.71
Madhya Pradesh	3942.31	3968.49	4642.45	-0.66	-15.08
Maharashtra	4050.58	4051.92	4537.19	-0.03	-10.72
Punjab	3945.43	4054.63	4951.29	-2.69	-20.32
Rajasthan	4199.84	4263.92	5020.81	-1.5	-16.35
Tamil Nadu	3930.4	3703.58	4691.23	6.12	-16.22
Telangana	4013.61	3991.71	4161.79	0.55	-3.56
Uttar Pradesh	4317.5	4539.23	5350.33	-4.88	-19.3
Average	4050.14	4067.8	4709.26		

*Source: Agmarknet

Cotton prices are showing downtrend on Y-o-Y basis in all the major cotton marketing centers. On M-o-M basis also, prices are showing downtrend except Andhra Pradesh, Karnataka, Tamil Nadu and Telangana. Currently highest prices are being noticed in Uttar Pradesh, Karnataka and Rajasthan.

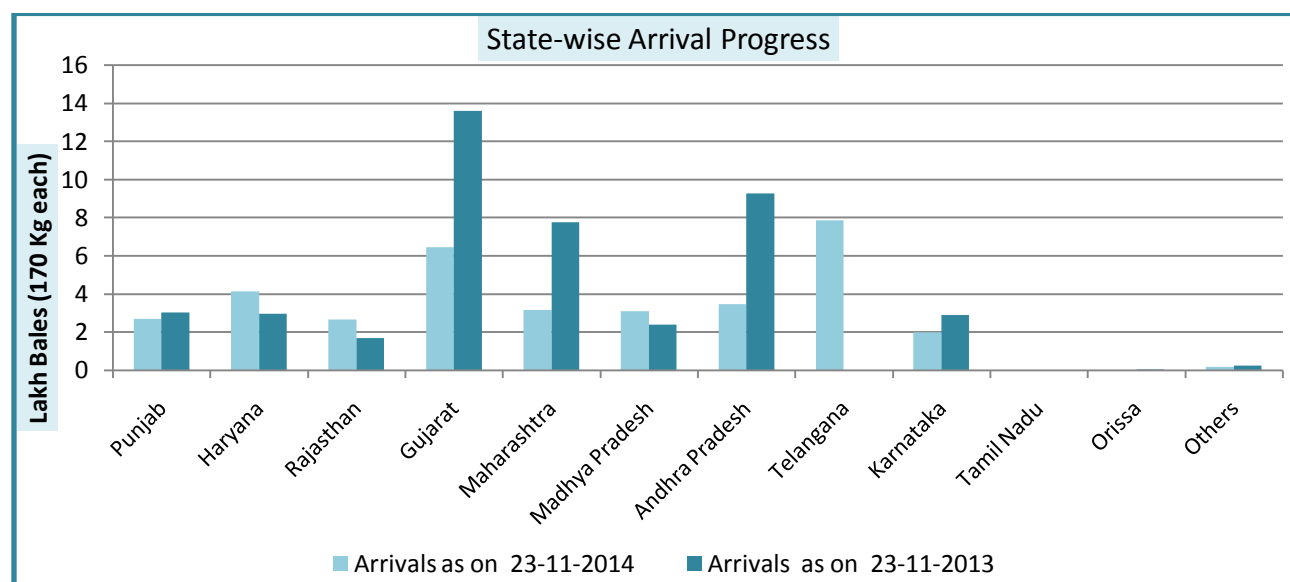


State wise Arrivals (in lakh bales of 170 kgs each):

Table given below showing cotton production and estimated arrivals during 2014-15 season vis-a-vis cotton season 2013-14:

States	2014-15*		2013-14	
	Production as per CAB	Arrivals As on	Production as per CAB	Arrivals As on
	13-10-2014	23-11-2014	02-07-2014	23-11-2013
1. Punjab	14	2.69	21	3.03
2. Haryana	25	4.12	23	2.94
3. Rajasthan	17	2.67	14	1.67
North Total	56	9.48	58	7.64
4. Gujarat	125	6.44	120	13.61
5. Maharashtra	85	3.16	84	7.77
6. Madhya Pradesh	18	3.08	19	2.4
Central Total	228	12.68	223	23.78
7. Andhra Pradesh	50	3.46	76	9.27
8. Telangana	27	7.87	--	--
9. Karnataka	28	1.98	22	2.9
10. Tamil Nadu	5	0	5	0
South Total	110	13.31	103	12.17
11. Orissa	4	0	4	0.03
12. Others	2	0.18	2	0.23
Total	6	0.18	6	0.26
Grand Total	400	35.65	390	43.85

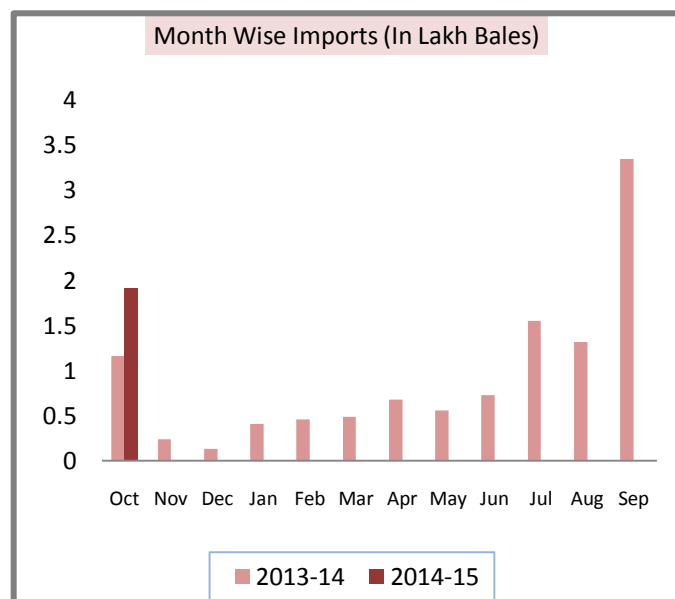
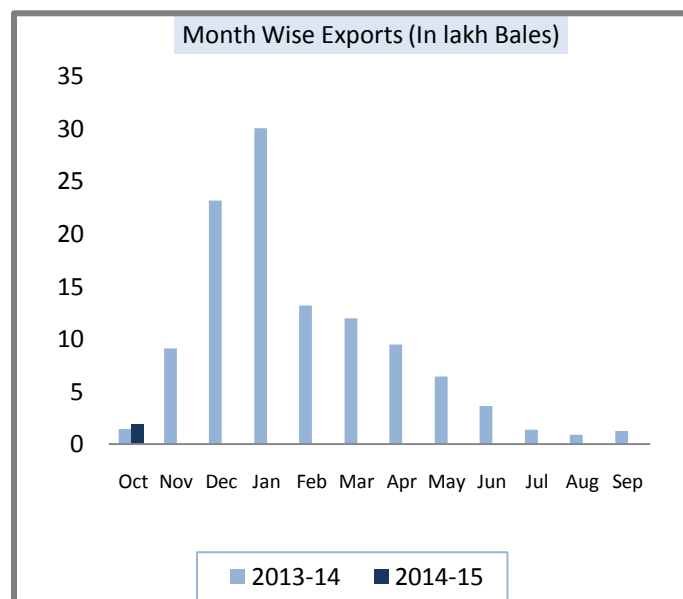
* Inclusive of new crop arrivals in September 2014
** Quantity in lakh bales (of 170 kgs. each)



Cotton Export and Import

Cotton Exports(In Lakh Bales)		
Month	2013-14	2014-15
Oct	1.43	1.81
Nov	9.06	
Dec	23.12	
Jan	30	
Feb	13.15	
Mar	11.9	
Apr	9.46	
May	6.37	
Jun	3.62	
Jul	1.32	
Aug	0.87	
Sep	1.24	
Total	111.5	1.8

Cotton Imports(In Lakh Bales)		
Month	2013-14	2014-15
Oct	1.16	1.91
Nov	0.24	
Dec	0.133	
Jan	0.41	
Feb	0.46	
Mar	0.488	
Apr	0.68	
May	0.56	
Jun	0.73	
Jul	1.55	
Aug	1.32	
Sep	3.34	
Total	11.07	1.91



Weekly Export Import Data

Date	24-30 Nov 2014	17-23 Nov 2014
Export (In lakh Bales)	2.64	2.26
Import (In lakh Bales)	0.35	0.26

Source: IBIS

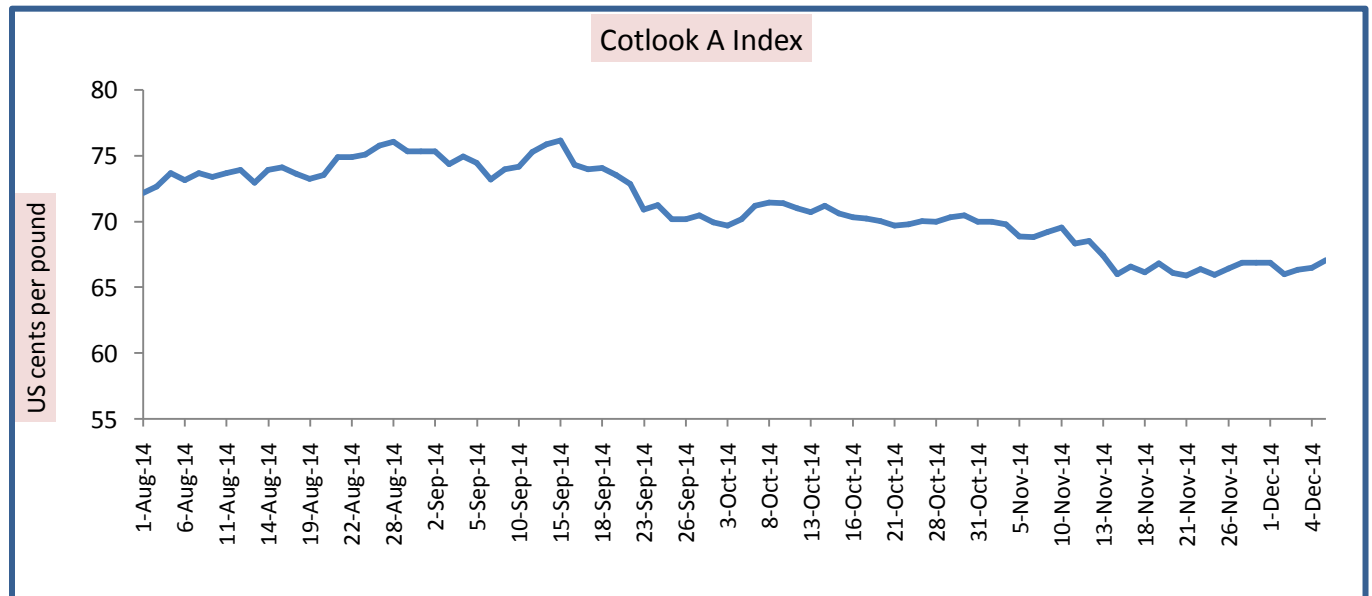
International Market Scenario

World cotton imports are expected to notice a fall of 15.5% as China, the major consumer, will import lesser this season. China is likely to cut its imports drastically this season due to its increasing cotton stockpiles. Share of China in World ending stocks recorded 62% by the end of previous season.

According to U.S. Department of Agriculture (USDA), cotton imports by Thailand are likely to fall in 2014/15 following the deficit in cotton consumption by textile counterparts. Yarn spinners and fabric weavers in Thailand are facing the problem of higher production cost and weak global economy.

The drastic fall in cotton prices to a five year low could force the farmers worldwide to switch for the other crops, according to International Cotton Advisory Committee (ICAC). Cotton at ICE for March 2015 delivery has touched the level of 58.53 cents per pound in late November, which is lowest since September 2009.

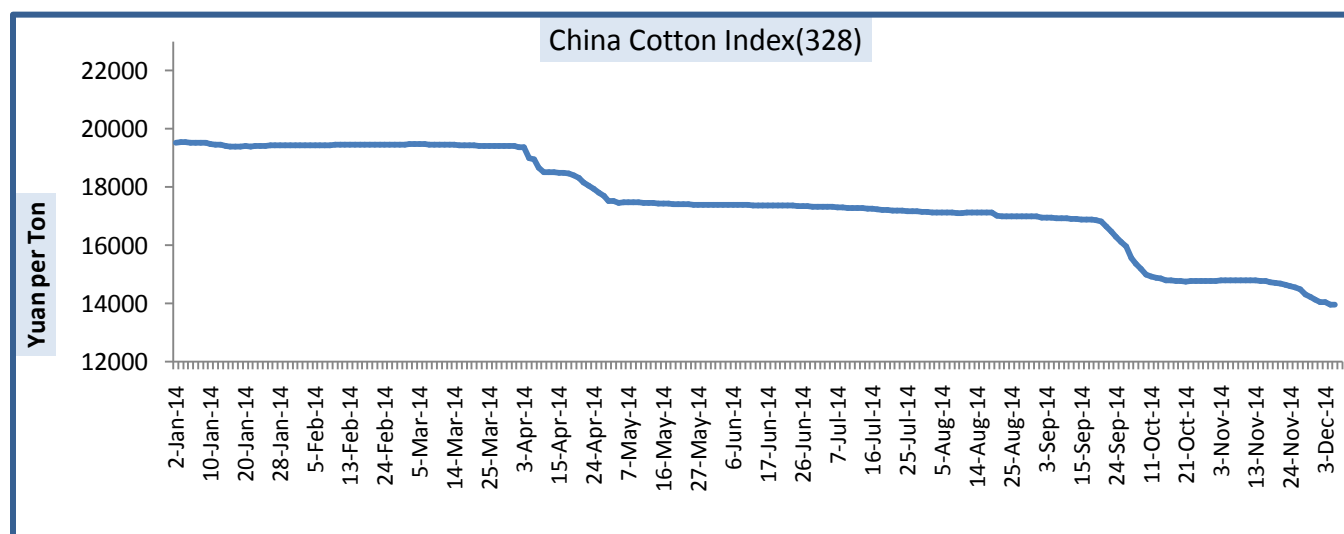
The International Cotton Advisory Committee (ICAC) launched World Cotton Calendar, which contained the huge database maintained by ICAC. The World Cotton Calendar is the source of data related to cotton production field operation, including the crop cycle; varieties planted in particular region, insect and pest vulnerability, weed invasion, type and quantity of fertilizer applied and disease from around 37 countries.



International Prices and Indices

China Cotton Index:

CC Indices	Weekly Average Price as on		% Change
	05-Dec-14	28-Nov-14	
CC Index(229)	14580	14436.8	-2.83
CC Index(328)	14036	13413.8	-2.78
CC Index(527)	13054	15004.6	-2.68
Prices in Yuan per Ton			

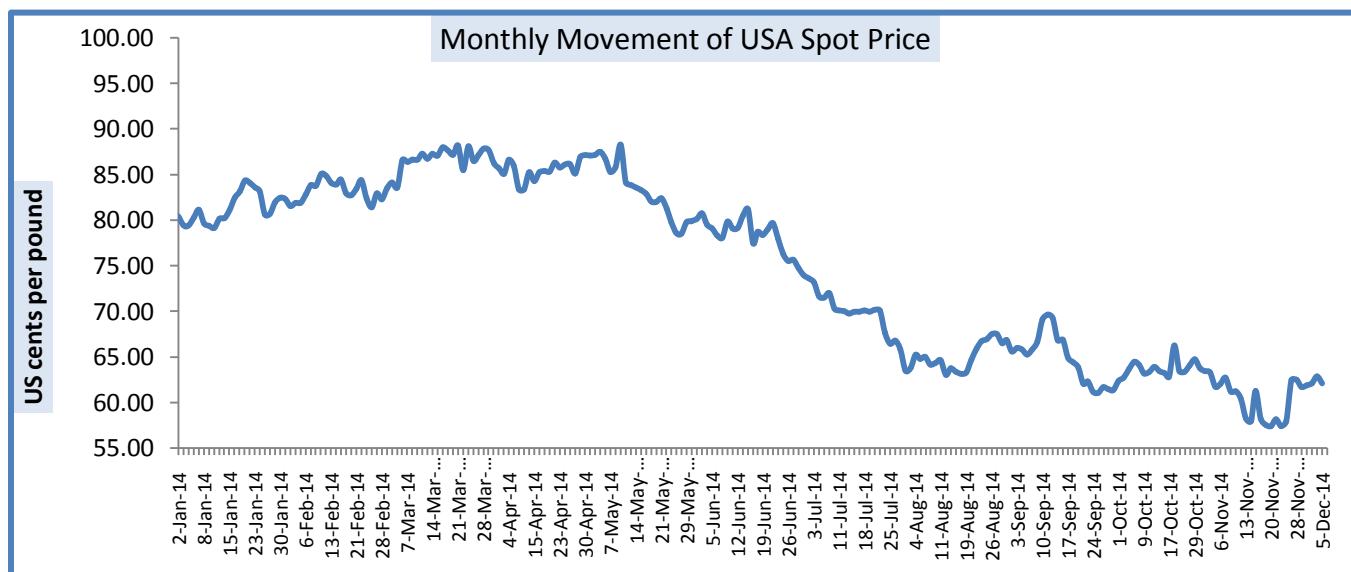


Cotlook A Index:

Cotlook A Index	Weekly Average Price as on		% Change
	05-Dec-14	28-Nov-14	
Prices	66.55	66.50	0.08
Prices in US cents per Pound			

USA Spot Prices:

USA Spot Prices	Weekly Average Price as on		% Change
	05-Dec-14	28-Nov-14	
Prices	62.14	60.09	3.41
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	67.49	-20.27
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	05-Dec-2014	28-Nov-2014	05-Dec-2013	%W-o-W change	%Y-o-Y change
Oct-14	60.54	60.96	76.13	-0.69	-20.48
Dec-14	59.64	60.08	--	-0.73	--
Mar-15	60.53	60.95	--	-0.69	--
May-15	61.23	61.84	--	-0.99	--
Jul-15	62.68	63.36	--	-1.07	--
Oct-15	63.89	64.36	--	-0.73	--

Figures in US cents per pound

Cotton Futures

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



Weekly Technical Outlook:

- Candlesticks denote bullish movement during the week.
- RSI is showing weak momentum in neutral region.
- MACD is depicting recovery in signal line and centerline movement.
- Prices closed above the 9 and 18 days EMA.
- We expect cotton prices to remain firm to sideways.

Expected Price Range During Coming Week.

Expected Trend	Expected Trading Band
Firm to Sideways Momentum	790-815

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
785	780	820	825

Figures in Rs. per 20Kgs.

Technical Analysis of Cotton Future (Mar'15 Contract) at ICE

Weekly Technical Outlook:

- Candlesticks denote sideways movement during the week.
- Prices as well as Volume and OI are depicting flat movements.
- We expect prices to remain firm to sideways.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Firm to Sideways Momentum	58.40-62.00

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
58.00	57.40	62.60	63.00

Figures in US cents per pound

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