

Current Market Outlook

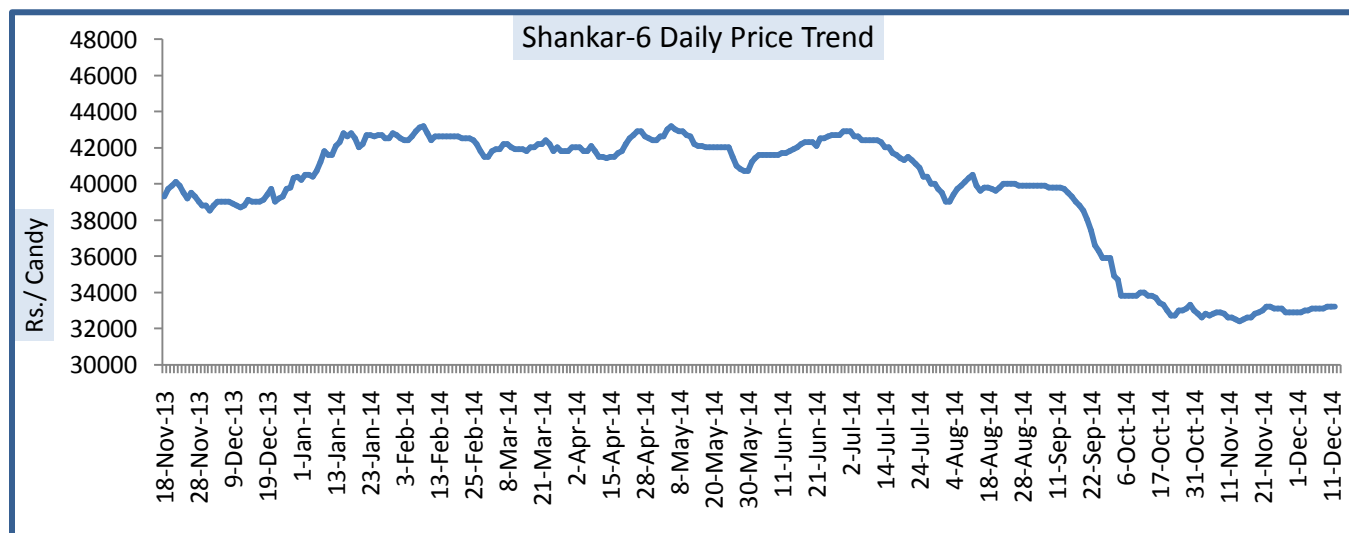
According to Cotton Association of India (CAI) cotton output in the country would stand around 402 lakh bales in season 2014-15, slightly lower than the production of previous season when it was 407.25 lakh bales. The expected fall in production in Gujarat has been considered the reason for the fall in production in the country. Gujarat is projected to produce 122 lakh bales of cotton this season compared to 129.5 lakh bales previous season.

India has relaxed the rules applied to cotton and cotton yarn export in order to boost the export volume from country. The government of India has dispensed the requirement of registration to Directorate General of Foreign Trade (DGFT) for exports of cotton and cotton yarn which was earlier mandatory for the traders along with notification of their targeted export volume for the year. India is expected to produce 400 lakh bales of cotton this year, slightly higher than previous year, but enough to raise the availability as export would be on weaker side, causing demand deficit.

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.



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
		6th To 12th Dec 14	29th To 5th Dec 14	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4055	4020	35
Khandwa	Mech-1	4040	4050	-10
Khargaon	Mech-1	4040	4050	-10
	Kapas	(Rs./Qtl)		
Mahesana(Kadi)	B.T. Cotton	4305	4235	70
Rajkot	B.T. Cotton	4195	4115	80
Patan	B.T. Cotton	4220	4165	55
Deesa	B.T. Cotton	3990	3700	290
Muktsar	B.T. Cotton	4050	4055	-5
Fazilika	B.T. Cotton	4060	4015	45
Bhiwani	B.T. Cotton	4025	3950	75
Adampur	B.T. Cotton	3950	3945	5
Fatehabad	B.T. Cotton	3980	3950	30
Dabwali	B.T. Cotton	3970	3955	15
Jind	B.T. Cotton	4070	4015	55
Uchana	B.T. Cotton	3890	3900	-10
Rawatsar	B.T. Cotton	3860	3870	-10
Hubli	B.T. Cotton	4160	4170	-10
Hathras	B.T. Cotton	3535	3565	-30
Hanumangarh	B.T. Cotton	3950	3945	5
	Kapas	(Rs./Qtl)		
Ahmedabad	Shankar-6	4225	4130	95
Gondal	Shankar-6	4155	4110	45
	Kapas	(Rs./Qtl)		
Hathras	Desi	4300	4435	-135
Bijapur	Bunny	4295	4105	190
Hubli	D.C.H.	4855	5015	-160
Raichur	H-44 Cotton	4105	4070	35
Guntur	Un-Ginned	NA	NA	
Kurnool	Un-Ginned	NA	NA	
Krishna	Un-Ginned	4050	4050	0
East Godavari	Un-Ginned	4000	4000	0
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	3430	3420	10
Muktsar	J-34	3430	3415	15
Fazilika	J-34	3430	3405	25
Bhatinda	J-34	3435	3425	10
Mansa	J-34	3425	3415	10
Sirsa	J-34	3325	3305	20

Sri-Ganganagar

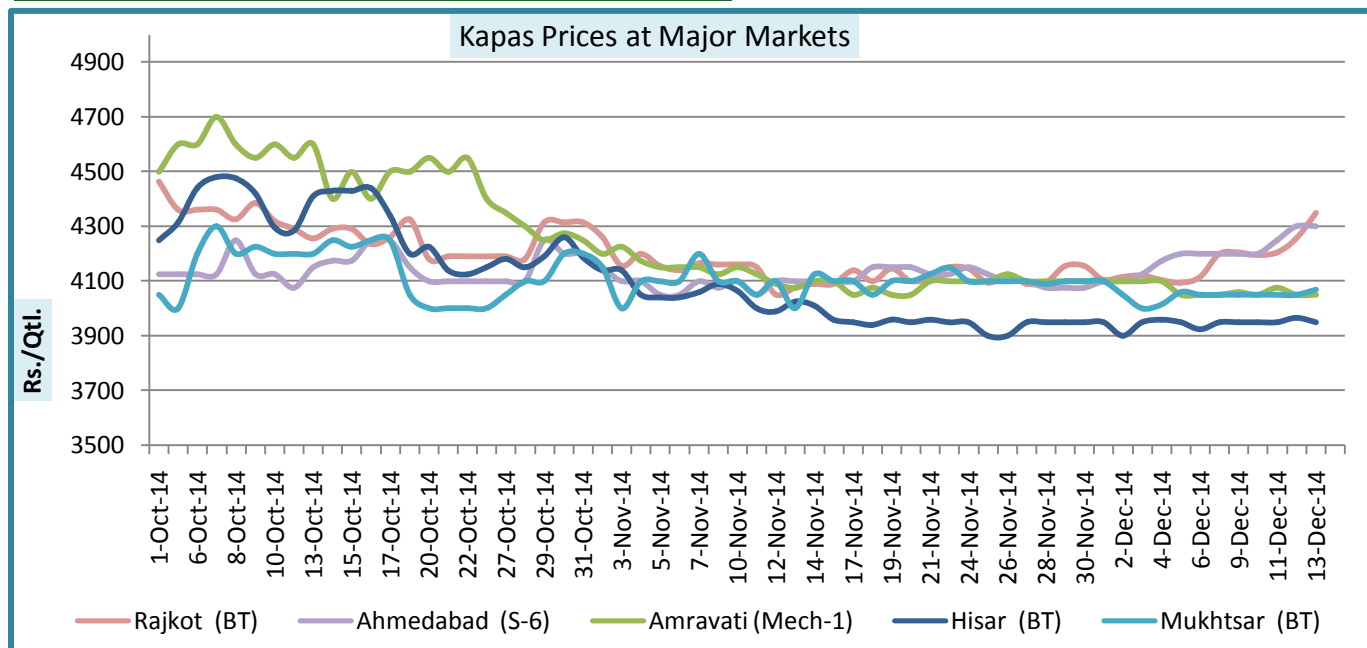
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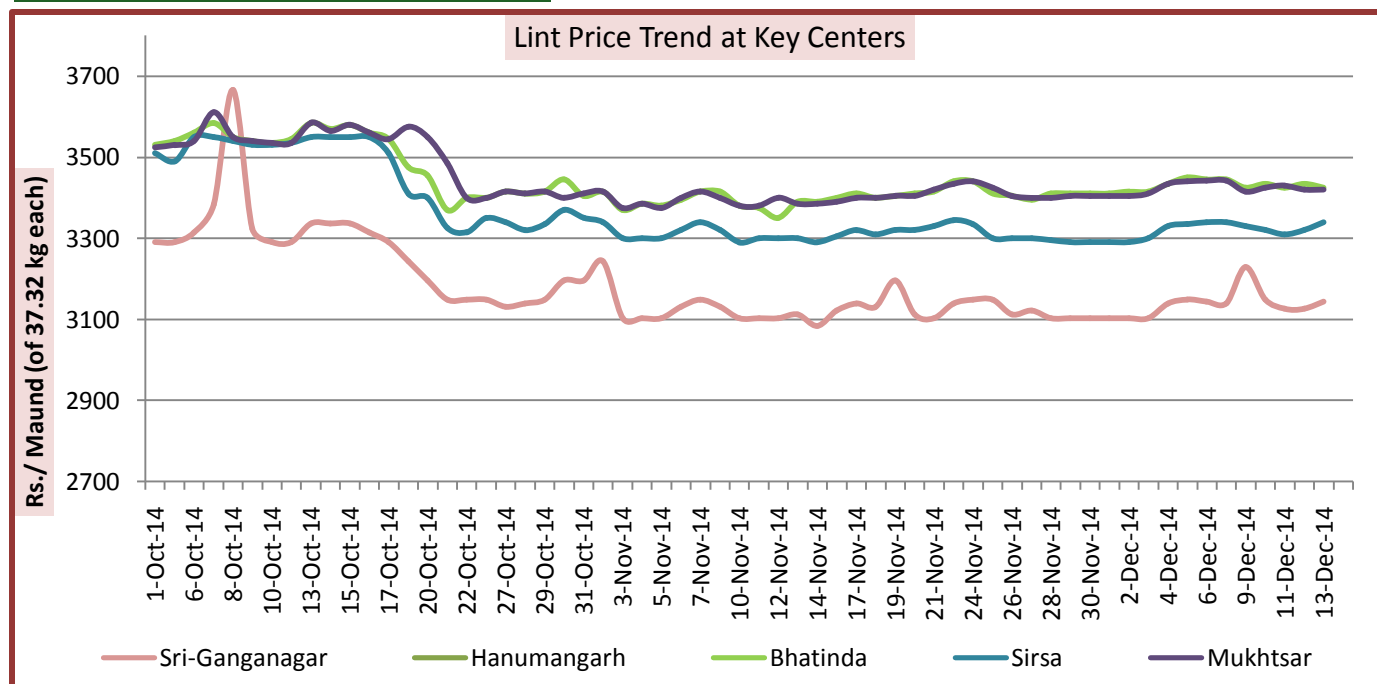
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Price Trend of Kapas (Seed Cotton) at Key Centers:



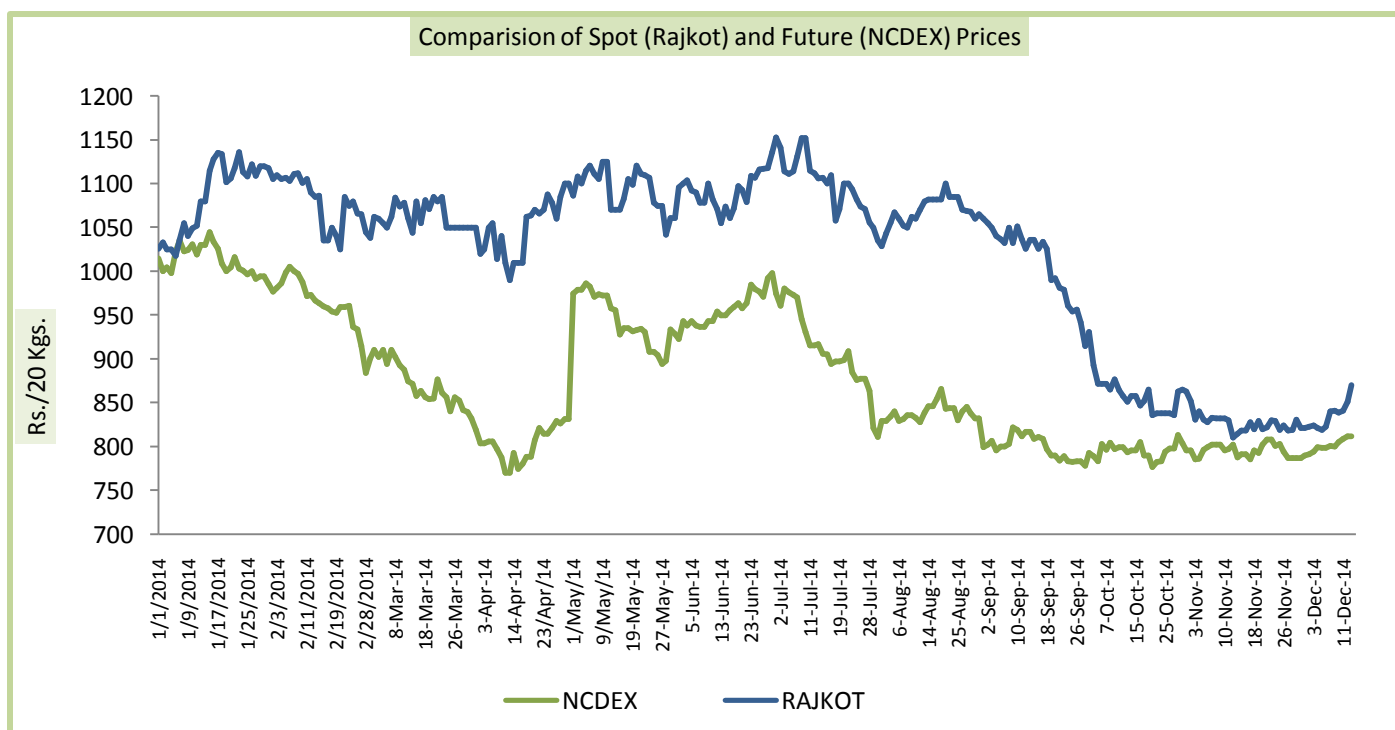
Price Trend of Lint at Various Centers:



Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength / GPT	Weekly Average Prices		Change
				12 Dec 2014	05 Dec 2014	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	32280	33000	-720
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	32780	33500	-720
J-34(202)	26mm	3.5 - 4.9	23	31080	31020	60
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32620	32380	240
Shankar-6(105)	29mm	3.5 - 4.9	28	33160	32980	180
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	34200	34040	160
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	35100	34940	160
DCH-32(107)	34mm	3.0 - 3.8	33	43920	43740	180

Figures in Rs./ Candy

Price Movement at Spot and Future Market:


Cotton Arrivals at Key Centers:

Centre	Variety	Weekly Sum Arrivals (Qtl)		Change
		6th to 12th Dec 14	29th to 5th Dec 14	
Amravati	Mech-1	12000	7900	4100
Khandwa	Mech-1	4000	9000	-5000
Khargaone	Mech-1	30000	42000	-12000
Mahesana(Kadi)	B.T. Cotton	190000	205000	-15000
Rajkot	B.T. Cotton	18950	18075	875
Patan	B.T. Cotton	51555	92666	-41111
Deesa	B.T. Cotton	10860	14475	-3615
Fazilika	B.T. Cotton	7350	9600	-2250
Muktsar	B.T. Cotton	3825	3230	595
Bhiwani	B.T. Cotton	23000	22500	500
Adampur	B.T. Cotton	13770	39610	-25840
Fatehabad	B.T. Cotton	17100	17800	-700
Dabwali	B.T. Cotton	14700	9800	4900
Jind	B.T. Cotton	9690	7541	2149
Uchana (Jind)	B.T. Cotton	20767	17910	2857
Rawatsar (Hanumangarh)	B.T. Cotton	2350	3200	-850
Hubli	B.T. Cotton	1226	1398	-172
Hathras	B.T. Cotton(US)	NA	210	-
Hanumangarh	B.T. Cotton	13000	24000	-11000
Ahmedabad	Shankar-6	328100	343400	-15300
Gondal	Shankar-6	10162	11515	-1353
Hathras	Desi	1250	850	400
Bijapur	Bunny	22771	21213	1558
Hubli	D.C.H.	1498	1090	408
Raichur	H-44 Cotton	16408	17426	-1018
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	13600	8840	4760
Bhatinda	J-34	336600	304300	32300
Mansa	J-34	18190	16490	1700

Sirsa	J-34	22440	27540	-5100
Sri-Ganganagar	J-34	100300	56100	44200

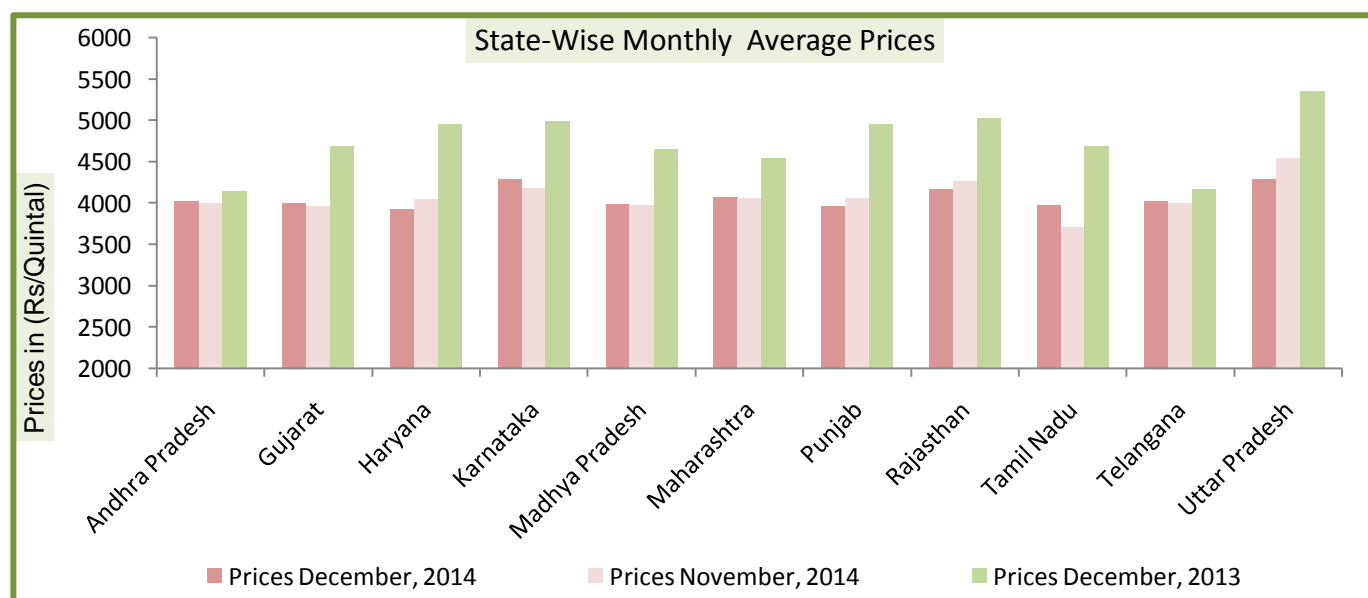
State wise Scenario

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	4020.98	3993.12	4137.3	0.7	-2.81
Gujarat	3992.3	3960.49	4689.94	0.8	-14.88
Haryana	3922.75	4046.09	4946.18	-3.05	-20.69
Karnataka	4278.98	4171.18	4990.34	2.58	-14.25
Madhya Pradesh	3974.14	3968.49	4642.45	0.14	-14.4
Maharashtra	4062.03	4051.92	4537.19	0.25	-10.47
Punjab	3951.57	4054.63	4951.29	-2.54	-20.19
Rajasthan	4159.87	4258.89	5020.81	-2.33	-17.15
Tamil Nadu	3966.5	3703.58	4691.23	7.1	-15.45
Telangana	4014.87	3991.5	4161.79	0.59	-3.53
Uttar Pradesh	4289.19	4539.23	5350.33	-5.51	-19.83
Average	4056.93	4067.19	4709.26		

*Source: Agmarknet

Cotton prices are showing downtrend on Y-o-Y basis in all the major cotton marketing centers but on month on month basis, recovery in the prices could be seen in most of the cotton trading centers including Andhra Pradesh, Gujarat and Maharashtra etc. States which have noticed downtrend on month on month basis are Haryana, Punjab, Rajasthan and Uttar Pradesh.

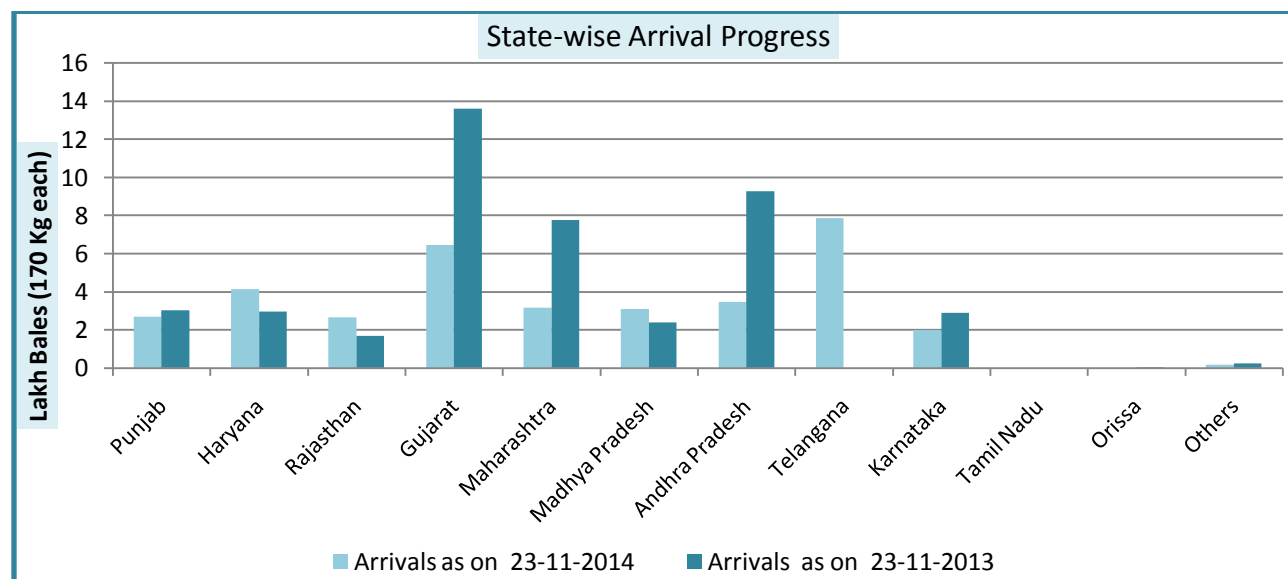


State wise Arrivals (in lakh bales of 170 kgs each):

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

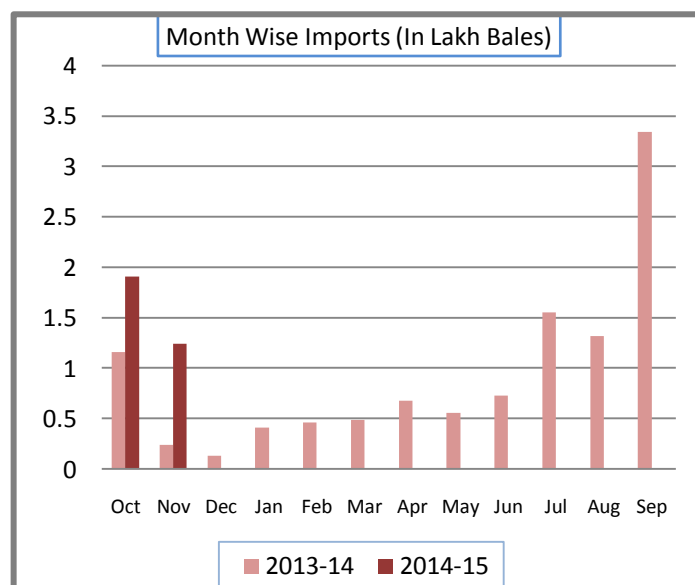
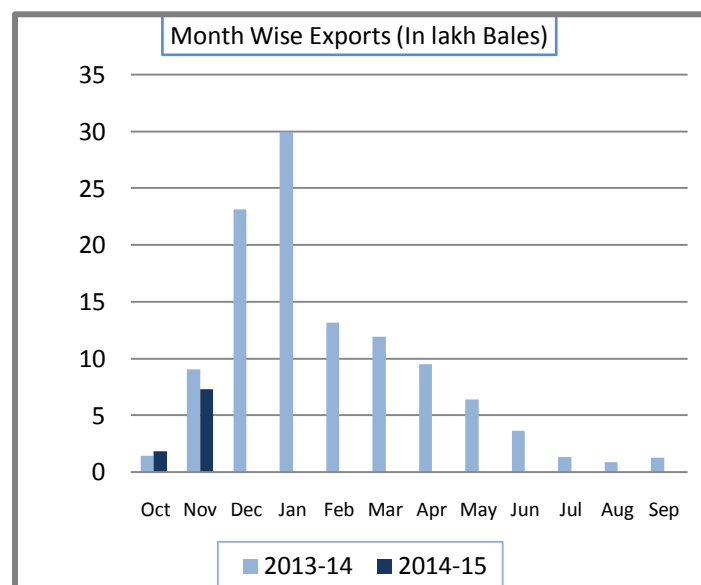
* Inclusive of new crop arrivals in September 2014
** Quantity in lakh bales (of 170 kgs. each)



Cotton Export and Import

Cotton Exports(In Lakh Bales)		
Month	2013-14	2014-15
Oct	1.43	1.81
Nov	9.06	7.3
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	9.1

Cotton Imports(In Lakh Bales)		
Month	2013-14	2014-15
Oct	1.16	1.91
Nov	0.24	1.24
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	3.15



Weekly Export Import Data

Date	24-30 Nov 2014	24-30 Nov 2014
Export (In lakh Bales)	2.64	2.64
Import (In lakh Bales)	0.35	0.35

Source: IBIS

International Market Scenario

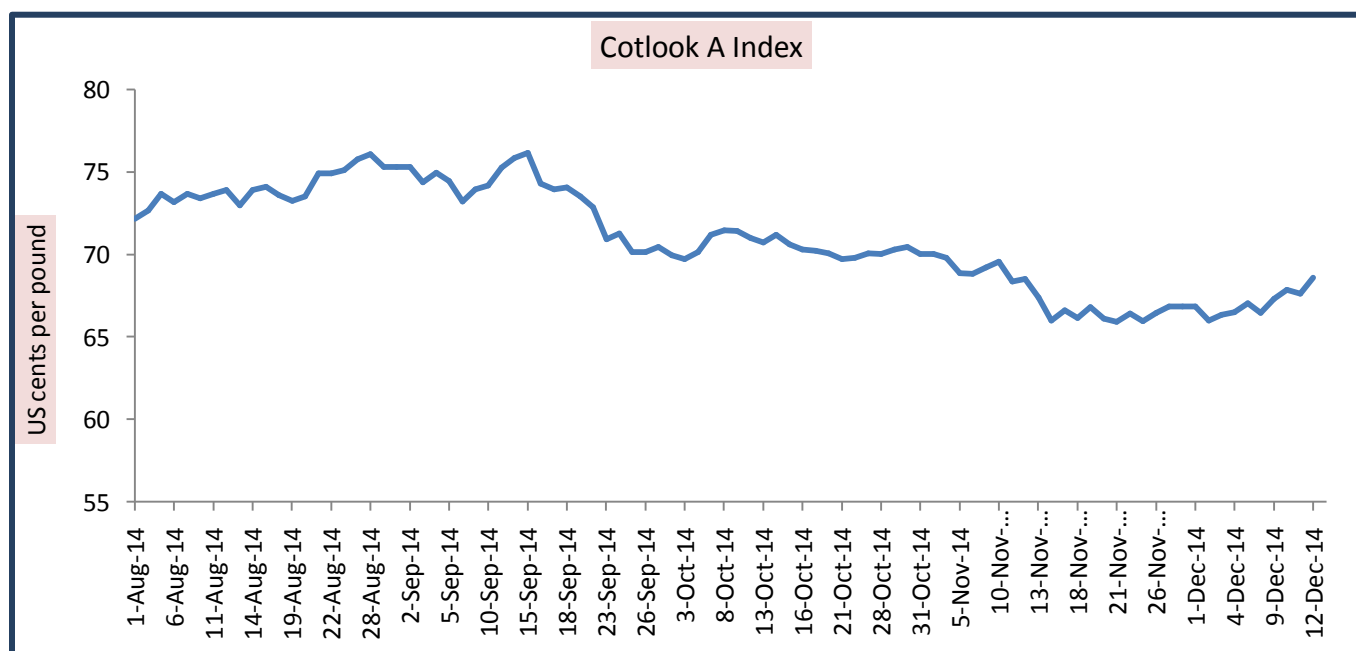
Cotton output in China is expected to be lower what was earlier expected by USDA. Cotton crop in China suffered due to deficit rain in early days and too much rains in later days. Cotton crop which was earlier expected to be around 30 million bales (if bale of 218 kilograms) would stand around 29.31 million bales in the current season.

On reduced acreage this season, cotton output in Australia is expected to fall by almost half in 2014-15, as estimated by Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES). Area under summer crop is estimated 13% lower for 2014-15 at 974000 hectares which would lead to fall in production and hence cotton output in Australia from the summer crop is likely to be around 3.2 million tonnes in 2014-15.

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.

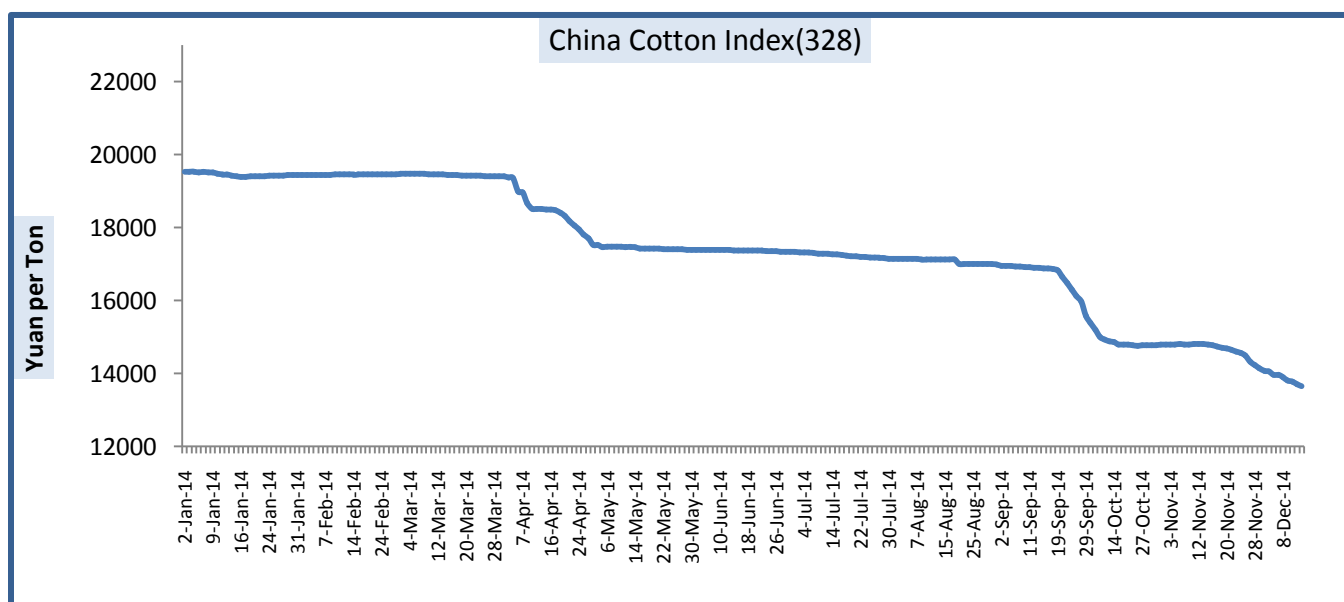
The International Cotton Advisory Committee (ICAC) launched World Cotton Calendar, which contained the huge database maintained by ICAC. The World Cotton Calendar is the source of data related to cotton production field operation, including the crop cycle; varieties planted in particular region, insect 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
	12-Dec-14	05-Dec-14	
CC Index(229)	14380	14580	-1.37
CC Index(328)	13762	14036	-1.95
CC Index(527)	12821	13054	-1.79
Prices in Yuan per Ton			

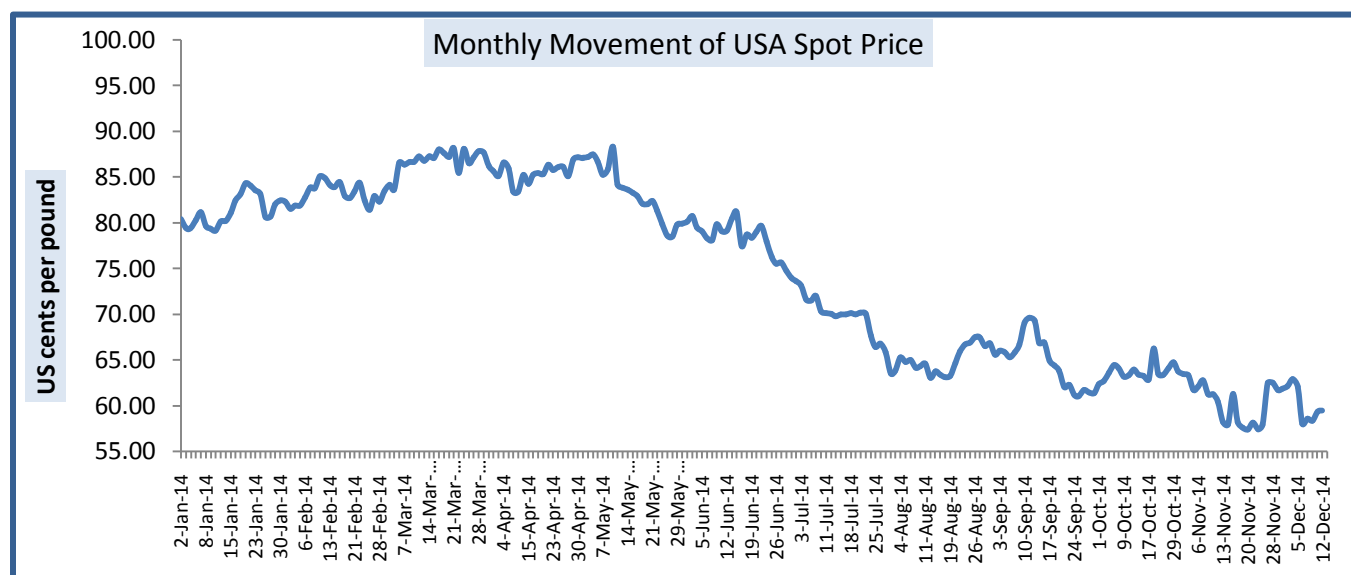


Cotlook A Index:

Cotlook A Index	Weekly Average Price as on		% Change
	12-Dec-14	05-Dec-14	
Prices	67.56	66.55	1.52
Prices in US cents per Pound			

USA Spot Prices:

USA Spot Prices	Weekly Average Price as on		% Change
	12-Dec-14	05-Dec-14	
Prices	58.75	62.14	-5.46
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	12-Dec-2014	05-Dec-2014	12-Nov-2014	%W-o-W change	%M-o-M change
Oct-14	60.54	60.54	61.94	0.00	-2.26
Dec-14	61.07	59.64	60.34	2.40	1.21
Mar-15	61.78	60.53	61.41	2.07	0.60
May-15	63.16	61.23	62.33	3.15	1.33
Jul-15	64.50	62.68	63.65	2.90	1.34
Oct-15	65.77	63.89	64.81	2.94	1.48

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 strong upward momentum in neutral region.
- MACD is depicting bullish signal line and centerline movement.
- Prices closed above the 9 and 18 days EMA.
- We expect cotton prices to remain firm.

Expected Price Range During Coming Week.

Expected Trend	Expected Trading Band
Bullish Momentum	800-830

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
795	787	835	845

Figures in Rs. per 20Kgs.

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

Weekly Technical Outlook:

- Candlesticks denote bullish movement during the week.
- Price is surging up along with rising volume and OI.
- We expect prices to remain firm in coming week.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Bullish Momentum	58.80-62.80

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
58.40	58.00	63.20	63.80

Figures in US cents per pound

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