

### Current Market Outlook

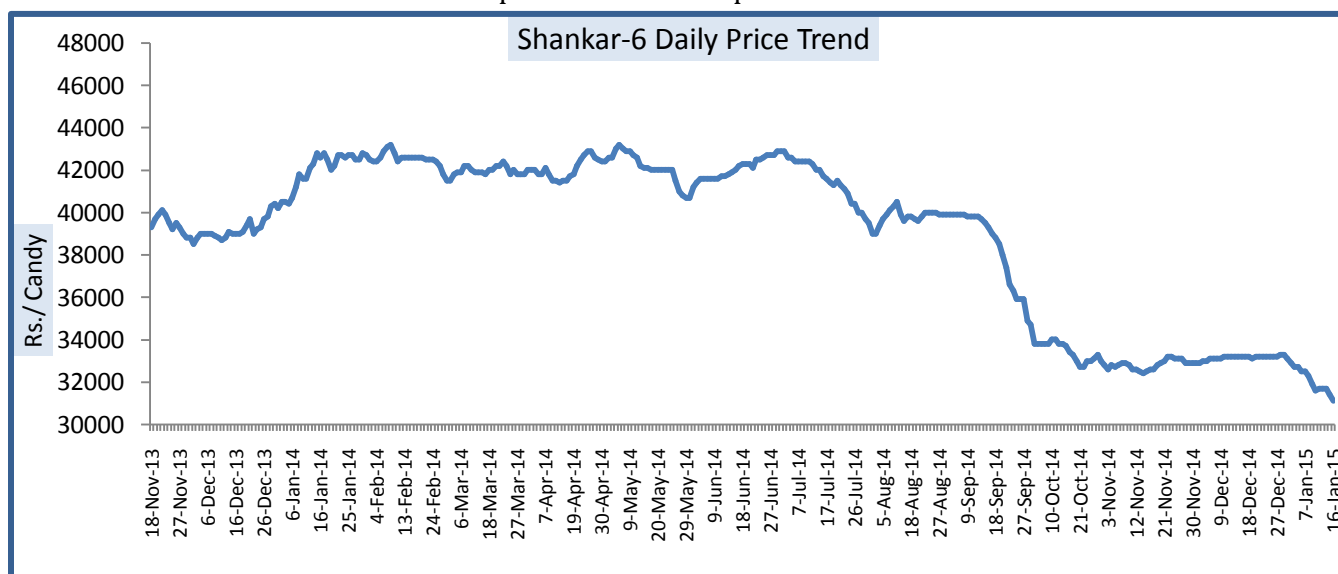
**Cotton Corporation of India (CCI) is likely to commence the sale of cotton from next week**, which it procured from various centers across the country at MSP. CCI has procured around 44 lakh bales of cotton till date and according to the officials it should exceed procurement of 60 lakh bales worth Rs. 12000 crore by March this year. It should be noted that the procurement target of 60 lakh bales is highest since 2008-09 when the corporation procured around 90 lakh bales. CCI will sell the cotton as per the market demand. Although the basic arrangements for sale have been made, the final decision on the same would be taken after January 20.

**Tamil Nadu based Southern India Mills Association (SIMA), the largest spinning mills association in India**, has requested the centre to instruct Cotton Corporation of India (CCI) to commence procurement and commercial operation in the state. Since last 20 years, CCI has not executed any MSP operation as the state was among the lowest cotton producing region, but this season Tamil Nadu is likely to five lakh bales of cotton in winter and one lakh bale in continuing summer season. To sell their produce at genuine prices, state wants CCI to procure cotton at MSP.

**According to Indian Cotton Federation (ICF), cotton output in India in the current season** would stand around 406 lakh bales, same what was estimated earlier in November last year. Gujarat is likely to contribute 120 lakh bales while Maharashtra will produce 90 lakh bales and 45 lakh bales and 33 lakh bales are expected to be produced by Telangana and Karnataka respectively.

**India is likely to export 1.023 million tonnes of cotton this season, around 49.2% lower** when compared to exports of previous season, which stood 2.015 million tonnes, according to USDA.

**Cotton production is likely to be around 6.641 million tonnes, slightly lower than the production** of previous season which was 6.750 million tonnes, according to United States Department of Agriculture (USDA). In its previous estimate, USDA projected cotton output in India to be around 6.750 million tonnes during the current season, but the same has lowered the output estimate considering the unfavorable weather conditions which could still impact the cotton crop.



### Domestic Balance Sheet

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

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.

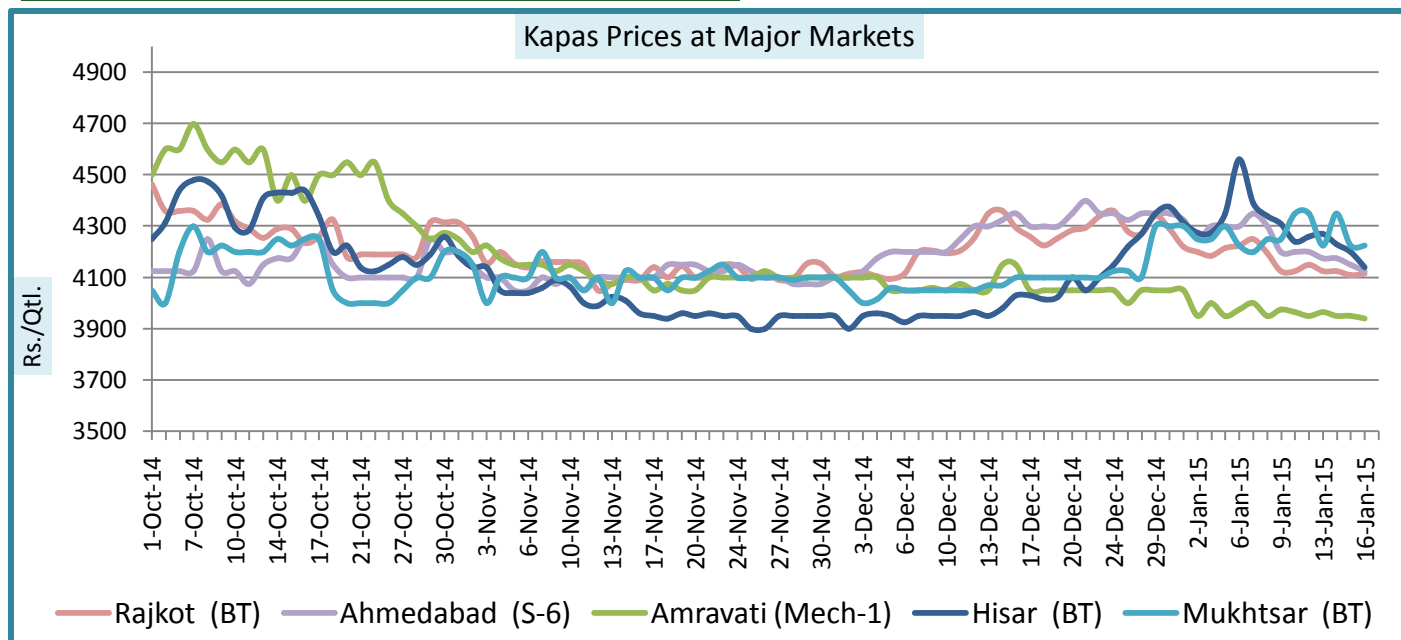
### Cotton Prices and Arrivals

#### Cotton Prices at Key Spot Centers:

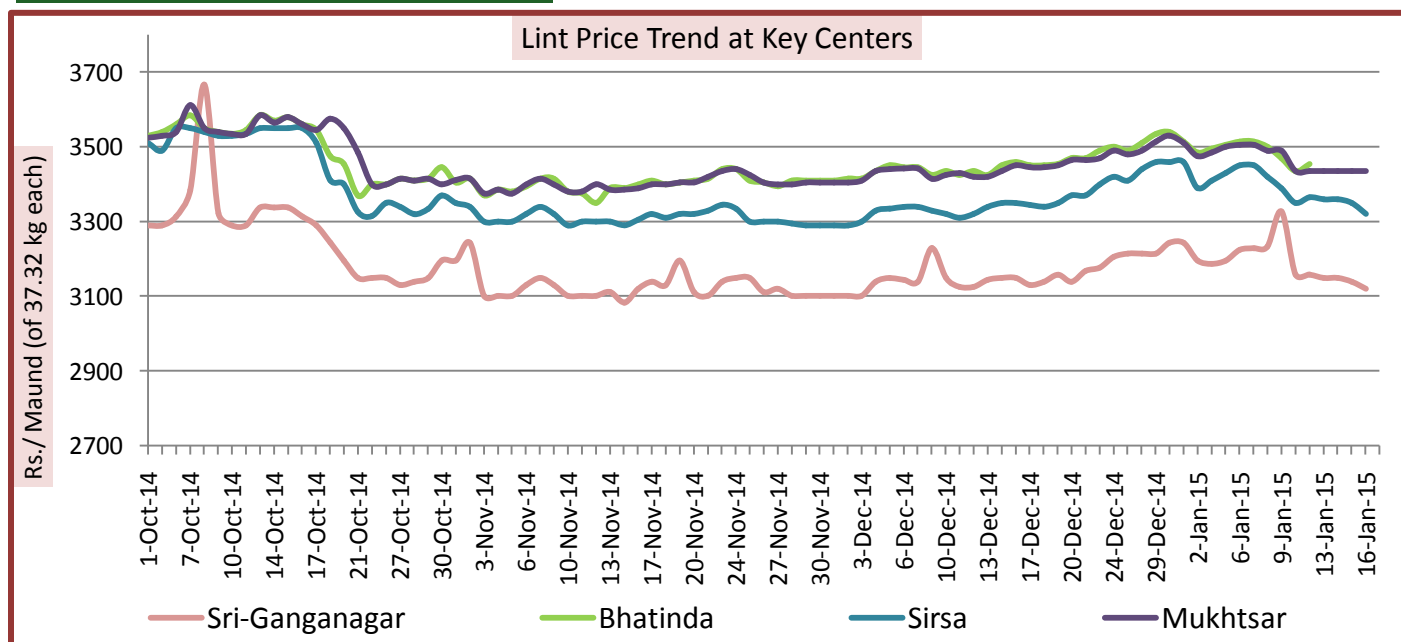
Centre	Variety	Weekly Average Prices as on		Change
		16 Jan 2015	09 Jan 2015	
	<b>Kapas</b>	(Rs./Qtl)		
Amravati	Mech-1	3955	3975	-20
Khandwa	Mech-1	4050	4120	-70
Khargaon	Mech-1	4085	4135	-50
	<b>Kapas</b>			
Mahesana(Kadi)	B.T. Cotton	4245	4350	-105
Rajkot	B.T. Cotton	4125	4200	-75
Patan	B.T. Cotton	4180	4235	-55
Deesa	B.T. Cotton	4075	4095	-20
Muktsar	B.T. Cotton	NR	4245	-
Fazilika	B.T. Cotton	4310	4310	Unch
Bhiwani	B.T. Cotton	4305	4395	-90
Adampur	B.T. Cotton	4225	4370	-145
Fatehabad	B.T. Cotton	4225	4345	-120
Dabwali	B.T. Cotton	4125	4270	-145
Jind	B.T. Cotton	4260	4375	-115
Uchana	B.T. Cotton	4215	4375	-160
Rawatsar	B.T. Cotton	4115	4220	-105
Hubli	B.T. Cotton	4220	4325	-105
Hathras	B.T. Cotton	4440	4600	-160
Hanumangarh	B.T. Cotton	4205	4270	-65
	<b>Kapas</b>			
Ahmedabad	Shankar-6	4170	4290	-120
Gondal	Shankar-6	4215	4170	45
	<b>Kapas</b>			
Hathras	Desi	3720	4050	-330
Bijapur	Bunny	4075	4160	-85
Hubli	D.C.H.	5215	5205	10
Raichur	H-44 Cotton	4100	4135	-35
Guntur	Un-Ginned	NA	3960	-
Kurnool	Un-Ginned	4250	4000	250
Krishna	Un-Ginned	NA	3990	-
East Godavari	Un-Ginned	4000	3950	50
	<b>Lint</b>	(Rs./Maund of 37.32kg each)		
Abohar	J-34	3435	3495	-60
Muktsar	J-34	NA	3500	-
Fazilika	J-34	4310	3470	840
Bhatinda	J-34	3450	3500	-50

Mansa	J-34	3415	3490	<b>-75</b>
Sirsa	J-34	3350	3425	<b>-75</b>
Sri-Ganganagar	J-34	3145	3235	<b>-90</b>

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

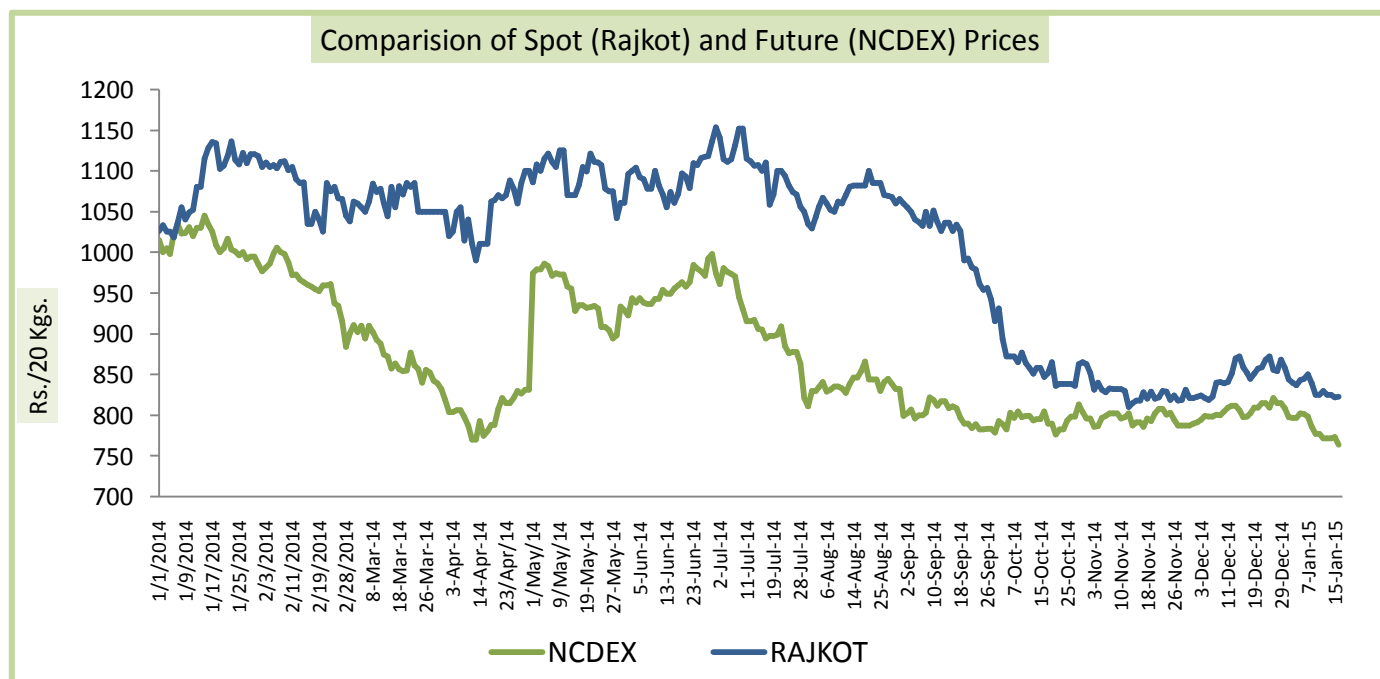


### Price Trend of Lint at Various Centers:



**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices as on		+/- Change
				16th Jan'15	9th Jan'15	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	31400	32100	<b>-700</b>
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	31965	32600	<b>-635</b>
J-34(202)	26mm	3.5 - 4.9	23	31350	31980	<b>-630</b>
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	30950	32040	<b>-1090</b>
Shankar-6(105)	29mm	3.5 - 4.9	28	31535	32380	<b>-845</b>
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	32815	33780	<b>-965</b>
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	33865	34780	<b>-915</b>
DCH-32(107)	34mm	3.0 - 3.8	33	44435	44400	<b>35</b>

**Price Movement at Spot and Future Market:**


**Cotton Arrivals at Key Centers:**

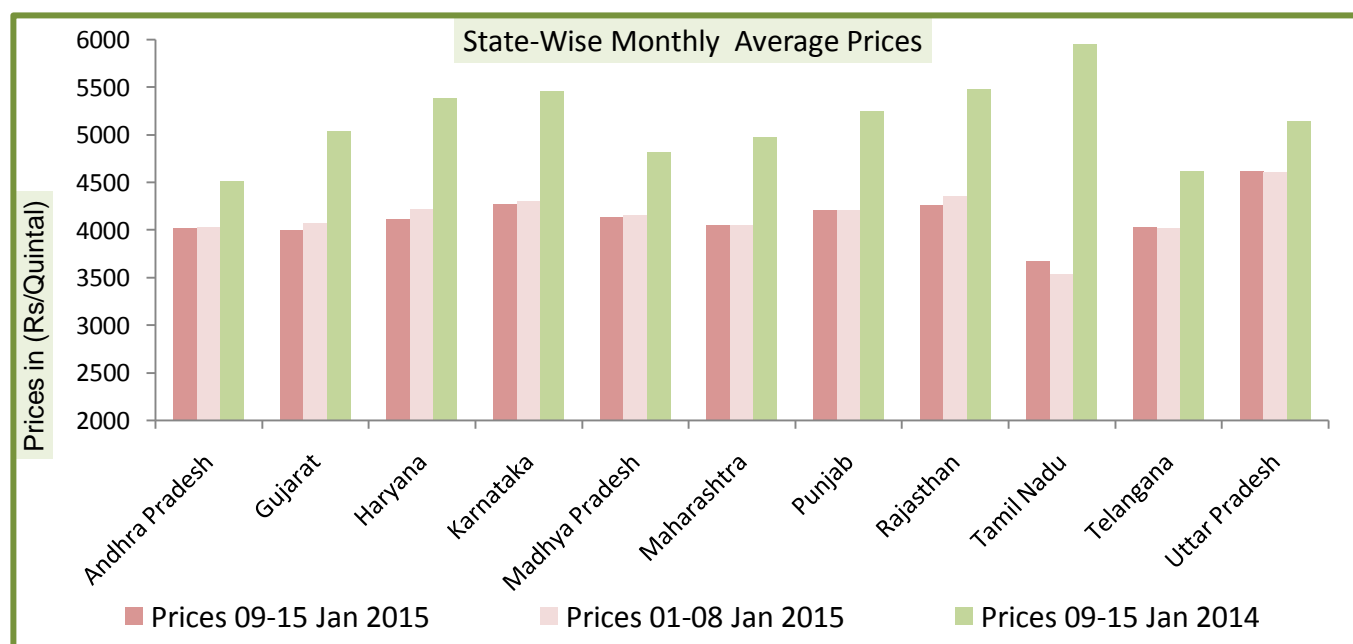
Centre	Variety	Weekly Sum Arrivals (Qtl) as on		Change
		16 Jan 2015	9 Jan 2015	
Amravati	Mech-1	73500	9416	64084
Khandwa	Mech-1	1600	3300	-1700
Khargaon	Mech-1	15000	23500	-8500
Mahesana(Kadi)	B.T. Cotton	57500	195000	-137500
Rajkot	B.T. Cotton	20150	29900	-9750
Patan	B.T. Cotton	39241	82549	-43308
Deesa	B.T. Cotton	9135	16500	-7365
Fazilika	B.T. Cotton	3900	2350	-1550
Muktsar	B.T. Cotton	247	714	-467
Bhiwani	B.T. Cotton	10000	10500	-500
Adampur	B.T. Cotton	3230	3825	-595
Fatehabad	B.T. Cotton	3325	3650	-325
Dabwali	B.T. Cotton	3705	8300	-4595
Jind	B.T. Cotton	3995	2567	1428
Uchana	B.T. Cotton	8815	10100	-1285
Rawatsar	B.T. Cotton	525	1125	-600
Hubli	B.T. Cotton	438	416	22
Hathras	B.T. Cotton	50	250	-200
Hanumangarh	B.T. Cotton	7500	15500	-8000
Ahmedabad	Shankar-6	297500	525300	-227800
Gondal	Shankar-6	10515	12952	-2437
Hathras	Desi	NA	NA	-
Bijapur	Bunny	5672	19453	-13781
Hubli	D.C.H.	244	300	-56
Raichur	H-44 Cotton	7409	10056	-2647
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	18	7	11
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	2975	3910	-935
Bhatinda	J-34	80750	134300	-53550
Mansa	J-34	1955	4845	-2890
Sirsa	J-34	6970	7480	-510
Sri-Ganganagar	J-34	27200	36550	-9350

### State wise Scenario

#### State wise Weekly Prices (Rs./Qtl.)

State	Prices 09-15 Jan 2015	Prices 01-08 Jan 2015	Prices 09-15 Jan 2014	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	4014.4	4024.75	4506.92	-0.26	-10.93
Gujarat	4001.21	4065.65	5032.4	-1.58	-20.49
Haryana	4111.16	4213.22	5382.56	-2.42	-23.62
Karnataka	4265.18	4296.87	5455.12	-0.74	-21.81
Madhya Pradesh	4132.59	4150.66	4821.41	-0.44	-14.29
Maharashtra	4050	4050.99	4976.1	-0.02	-18.61
Punjab	4207.15	4203.82	5251.21	0.08	-19.88
Rajasthan	4254.44	4357.71	5481.01	-2.37	-22.38
Tamil Nadu	3669.24	3529.82	5950.53	3.95	-38.34
Telangana	4026.47	4015.56	4613.24	0.27	-12.72
Uttar Pradesh	4620.24	4603.33	5144.44	0.37	-10.19
Average	4116.49	4126.04	5144.71		

Cotton prices are showing downtrend on Y-o-Y basis in all the mentioned states. On week on week basis also most of the major trading centers are showing downtrend including Gujarat, Andhra Pradesh and Maharashtra. Case of Telangana and Punjab is different, as they are reflecting recovery in the prices this week compared to the previous. In Tamil Nadu also, prices have moved upward as the state expect Cotton Corporation of India (CCI) to start procurement operation in Tamil Nadu soon.

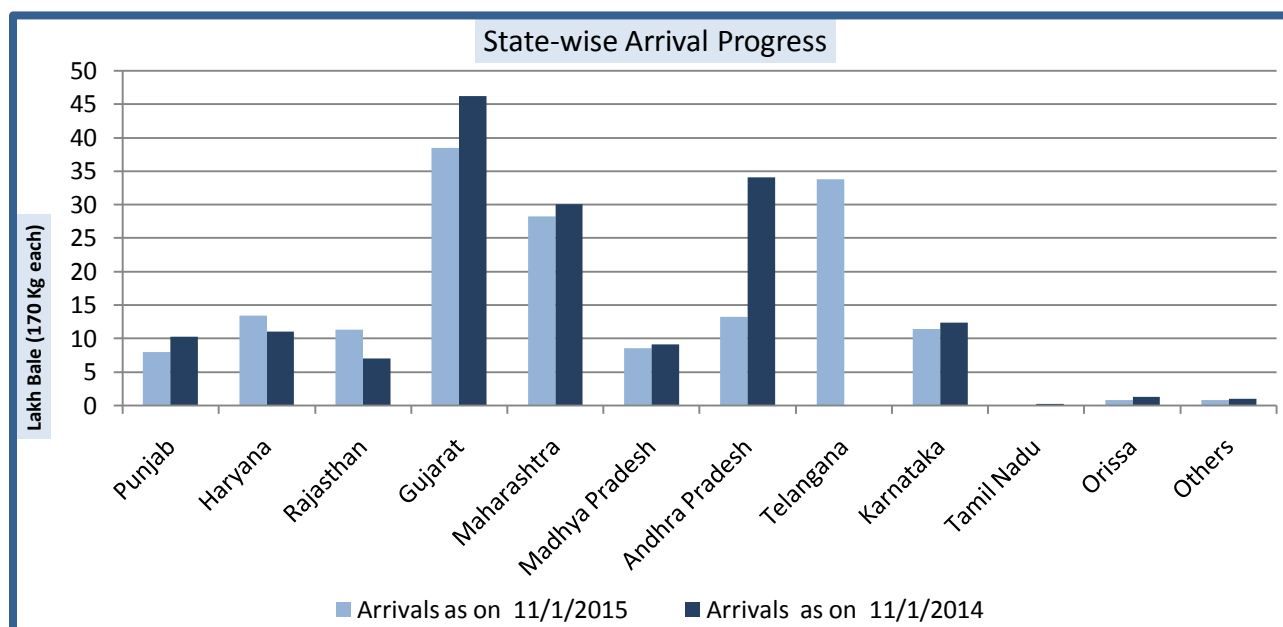


**State wise Arrivals (in lakh bales of 170 kgs each):**

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	11-01-2015	02-07-2014	11-01-2014
1. Punjab	14	8.02	21	10.27
2. Haryana	25	13.41	23	11.06
3. Rajasthan	17	11.38	14	7.09
North Total	<b>56</b>	<b>32.81</b>	<b>58</b>	<b>28.42</b>
4. Gujarat	125	38.46	120	46.19
5. Maharashtra	85	28.29	84	30.06
6. Madhya Pradesh	18	8.55	19	9.2
Central Total	<b>228</b>	<b>75.3</b>	<b>223</b>	<b>85.45</b>
7. Andhra Pradesh	50	13.24	76	34.02
8. Telangana	27	33.79	--	--
9. Karnataka	28	11.43	22	12.45
10. Tamil Nadu	5	0	5	0.24
South Total	<b>110</b>	<b>58.46</b>	<b>103</b>	<b>46.71</b>
11. Orissa	4	0.86	4	1.33
12. Others	2	0.88	2	1.05
Total	<b>6</b>	<b>1.74</b>	<b>6</b>	<b>2.38</b>
Grand Total	<b>400</b>	<b>168.31</b>	<b>390</b>	<b>162.96</b>

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

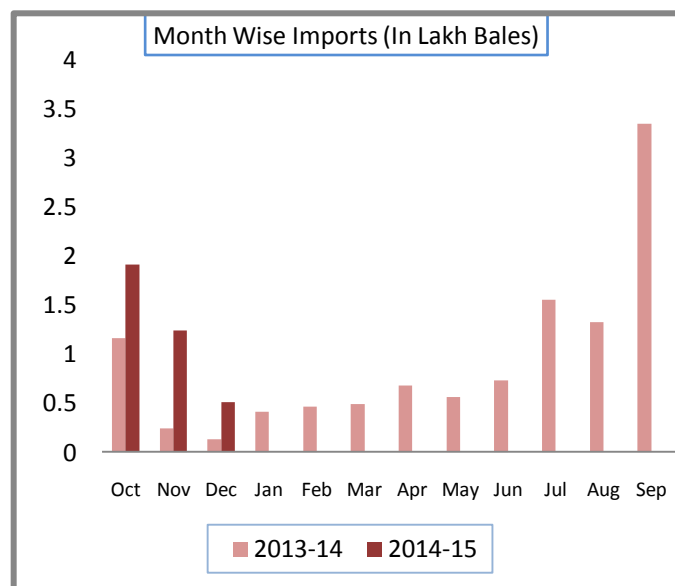
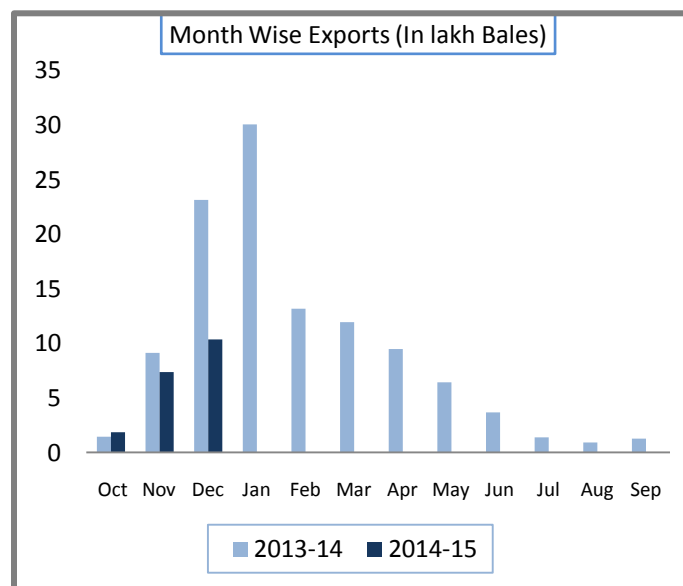




### Cotton Export and Import

Cotton Exports(In Lakh Bales)		
Month	2013-14	2014-15
Oct	1.43	1.81
Nov	9.06	7.3
Dec	23.12	10.34
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	
<b>Total</b>	<b>111.5</b>	<b>19.5</b>

Cotton Imports(In Lakh Bales)		
Month	2013-14	2014-15
Oct	1.16	1.91
Nov	0.24	1.24
Dec	0.133	0.51
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	
<b>Total</b>	<b>11.07</b>	<b>3.66</b>



### Weekly Export Import Data

Date	05-11 Jan 2014	29 Dec 2014-04 Jan 2015
Export (In lakh Bales)	1.70	1.94
Import (In lakh Bales)	0.15	0.15

Source: IBIS

### International Market Scenario

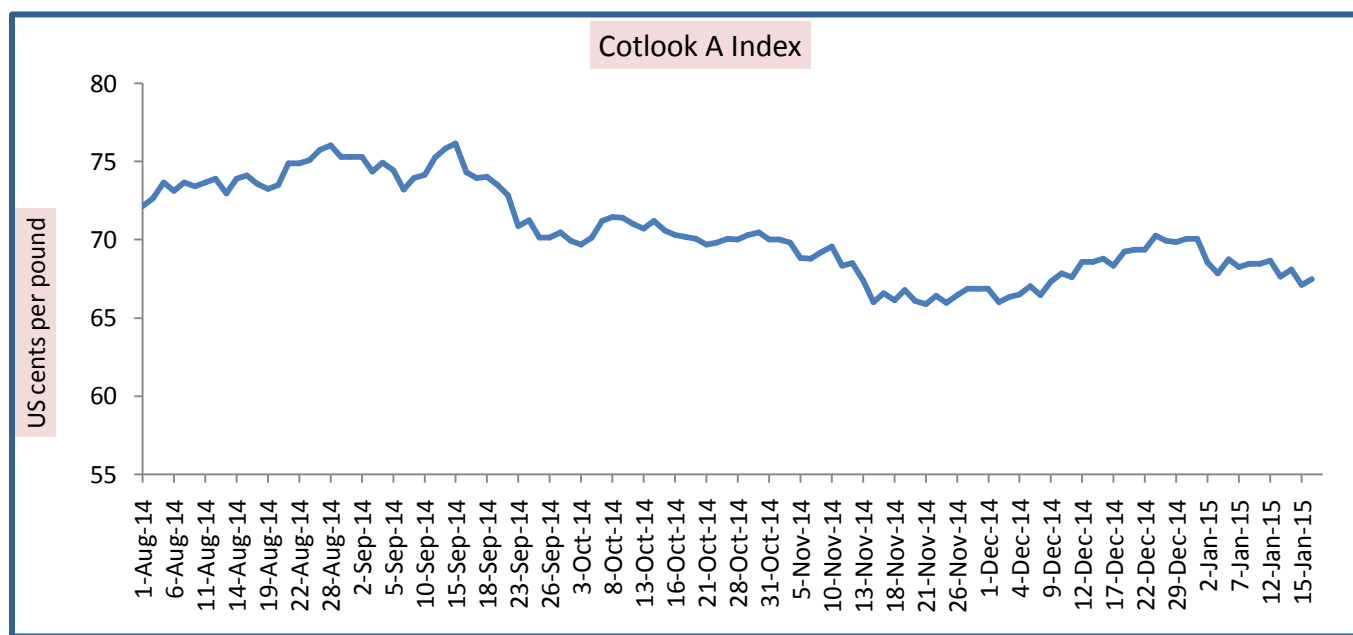
**United state department of agriculture (USDA) has given its final approval to herbicide-tolerant GMO crops** (Cotton and Soybean) to be used with new herbicide, developed by Monsanto Co. According to Monsanto the same combination of crop and herbicide will help growers to control weed invasion in crop field that will ultimately boost the yield. Although Monsanto got approval from USDA, it still needs final approval from Environmental Protection Agency for the herbicide it has developed to be used by crops.

**Announcement of global growth forecast by World Bank has severely affected the cotton prices.** Cotton prices touched the seven week low level yesterday as World Bank lowered global growth forecast to 3% for 2015, which was earlier projected 3.4%. As the fiber majorly goes for the consumer products, economic data affect the same remarkably.

**World cotton export are likely to be around 7.401 million tonnes in season 2014-15**, around 16.5% lower when compared to the exports during previous season, which stood around 8.868 million tonnes, said USDA.

**The Egypt government will no longer pay the subsidy of 350 Egyptian pounds per qintar(160 kg)** for high quality cotton (extra long staple cotton, once known as the country's "white gold") and also advised to farmers that not to plant the crop unless they have contracts to sell the same.

**Pakistan Bureau of Statistics revealed that textile and clothing export surged to \$1.128 billion** in November 2014 from \$998.143 million in the corresponding period of last year, an increase of 7.01 per cent.



### International Prices and Indices

#### China Cotton Index:

CC Indices	Weekly Average Price as on		% Change
	16-Jan-15	09-Jan-15	
CC Index(229)	14300	14310	-0.07
CC Index(328)	13582	13604	-0.16
CC Index(527)	12610	12680	-0.55

Prices in Yuan per Ton



#### Cotlook A Index:

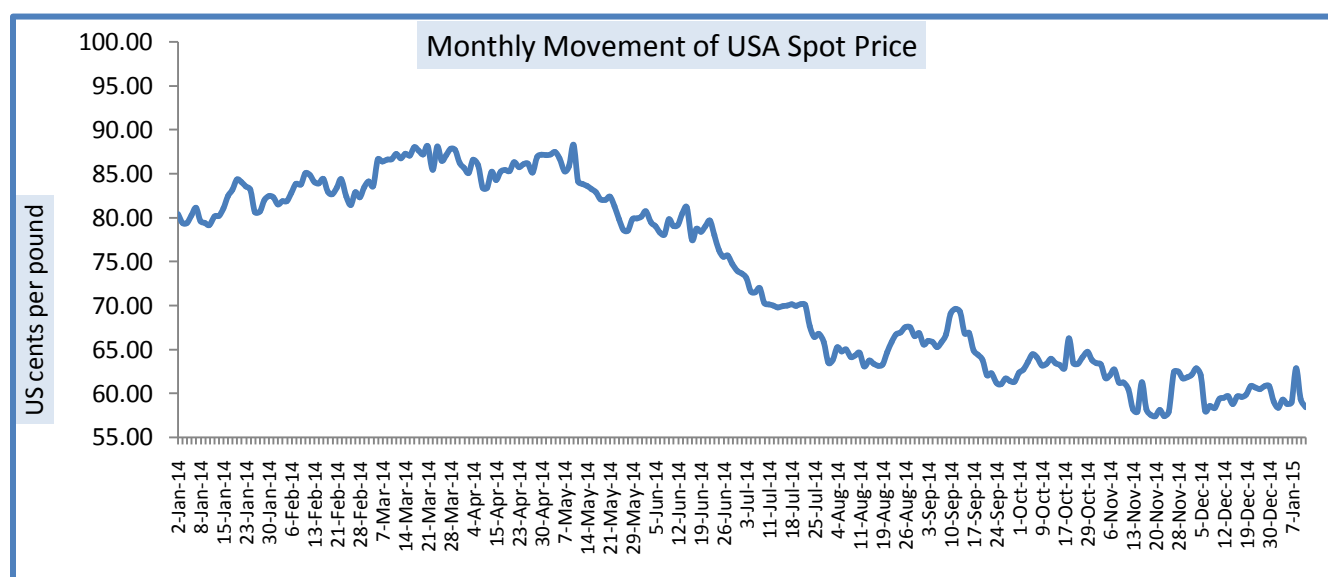
Cotlook A Index	Weekly Average Price as on		% Change
	16-Jan-15	09-Jan-15	
Prices	67.8	68.35	-0.80

Prices in US cents per Pound

#### USA Spot Prices:

USA Spot Prices	Weekly Average Price as on		% Change
	16-Jan-15	02-Jan-15	
Prices	58.2	59.8	-2.68

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	68.3	-21.93
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	16-Jan-2015	Week Ago	Year Ago	%W-o-W change	%Y-o-Y change
<b>Mar-15</b>	59.23	60.76	80.3	-2.52	-26.24
<b>May-15</b>	60.02	61.35	--	-2.17	--
<b>Jul-15</b>	60.91	62.29	--	-2.22	--
<b>Oct-15</b>	61.84	63.24	--	-2.21	--
<b>Dec-15</b>	63.04	64.45	--	-2.19	--
<b>Mar-15</b>	64.14	65.50	--	-2.08	--

Figures in US cents per pound

## Cotton Futures

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



### Weekly Technical Outlook:

- Candlesticks denote downwards movement during the week.
- RSI is moving down in overbought region.
- MACD is depicting bearish signal line and centerline movement.
- Prices closed below the 9 and 18 days EMA.
- We expect cotton prices to remain weak.

### Expected Price Range During Coming Week.

Expected Trend	Expected Trading Band
<b>Bearish Momentum</b>	<b>750-785</b>

### Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
<b>745</b>	<b>730</b>	<b>795</b>	<b>800</b>

Figures in Rs. per 20Kgs.

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



### Weekly Technical Outlook:

- Candlesticks denote bearish movement during the week.
- Declining prices and rising volume and OI depict weak momentum.
- We expect prices to remain weak in the coming week.

### Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
	58.00-60.80

### Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
57.00	56.40	61.60	62.40

Figures in US cents per pound

### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp> © 2015 Indian Agribusiness Systems Pvt Ltd.