

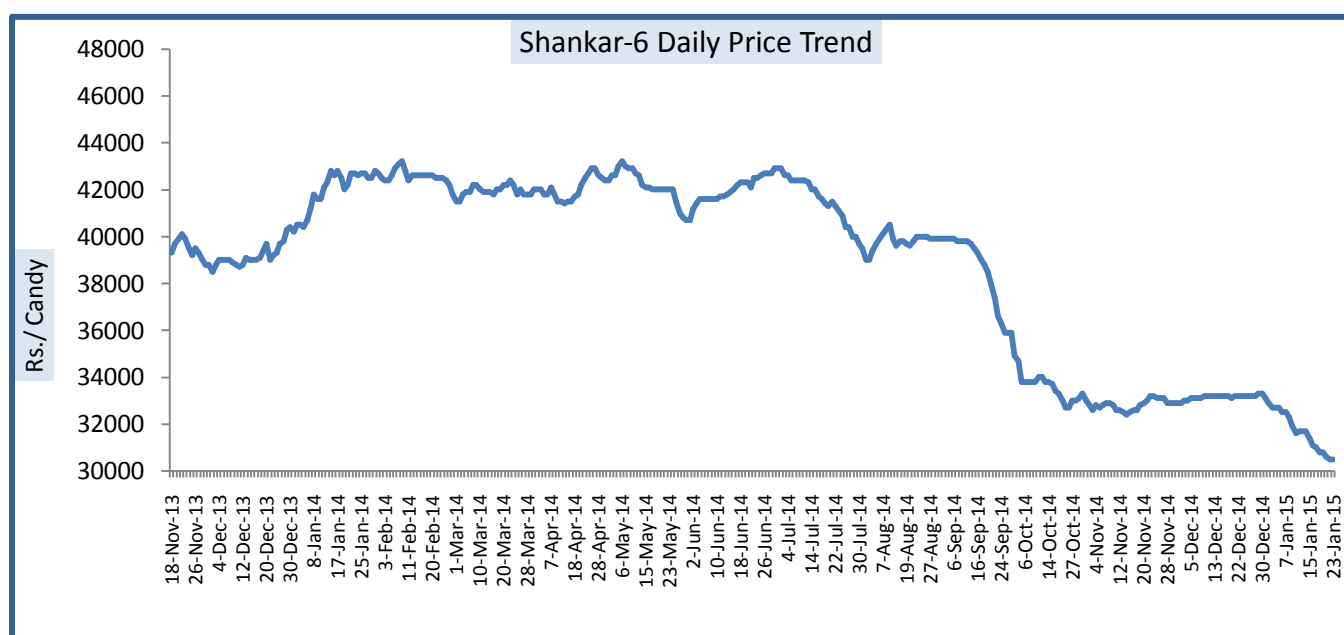
Current Market Outlook

The Cotton Association of India (CAI) has revised the estimate of cotton production at 400.25 lakh bales for season 2014-15, slightly lower than previous year's production caused by yield loss in the central region of the country. According to CAI, cotton production stood 407.25 lakh bales in 2013-14. For the current season association estimated supply of 472.5 lakh bales, domestic consumption of 306 lakh bales and available surplus of 166.15 lakh bales.

Cotton Corporation of India (CCI) has procured around 4.82 million bales (of 170 kg each) of cotton this season so far. CCI is targeted to buy 10 million bales of cotton during this season with the cost of Rs. 12000 crores. If we see the procurements in previous years, it would be highest procurement, if CCI achieves the target. The highest procurement till date was recorded in 2008-09 when it was 8.9 million bales. Around Rs 9600 crores has been spent by CCI to buy cotton from the various region including Gujarat, Maharashtra and Andhra Pradesh.

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 want CCI to procure cotton at MSP.

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.



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.

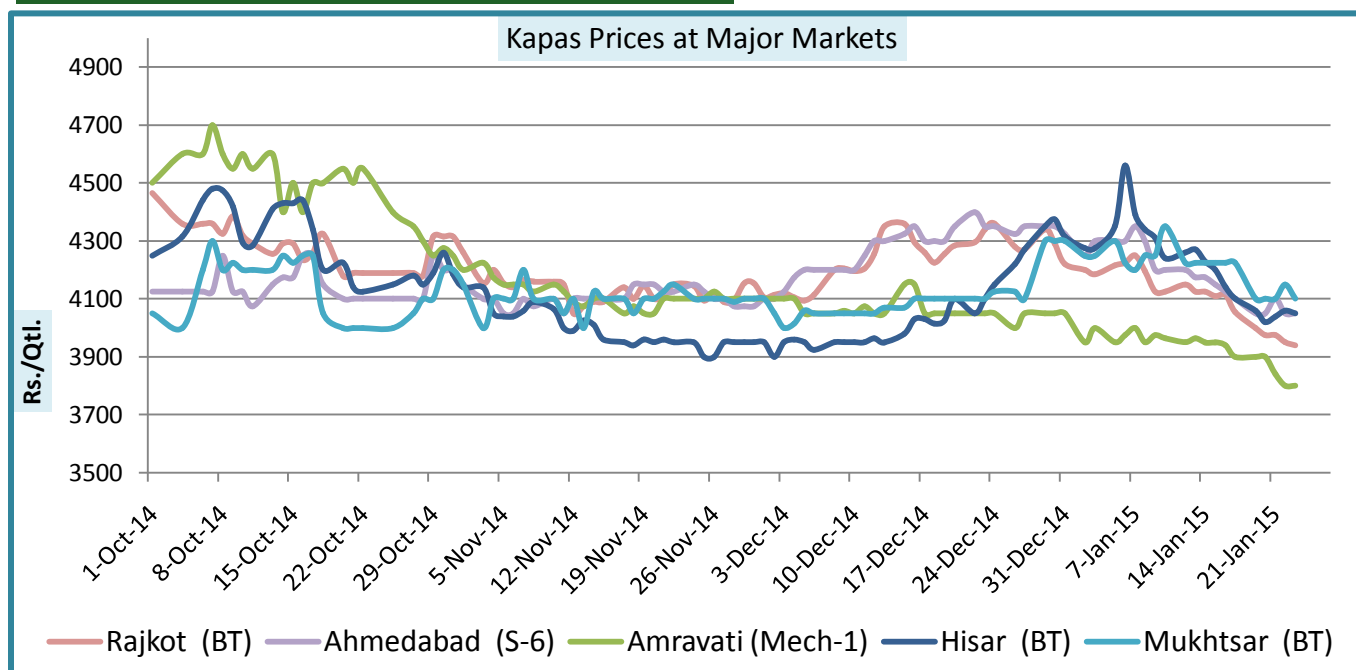
Cotton Prices and Arrivals

Cotton Prices at Key Spot Centers:

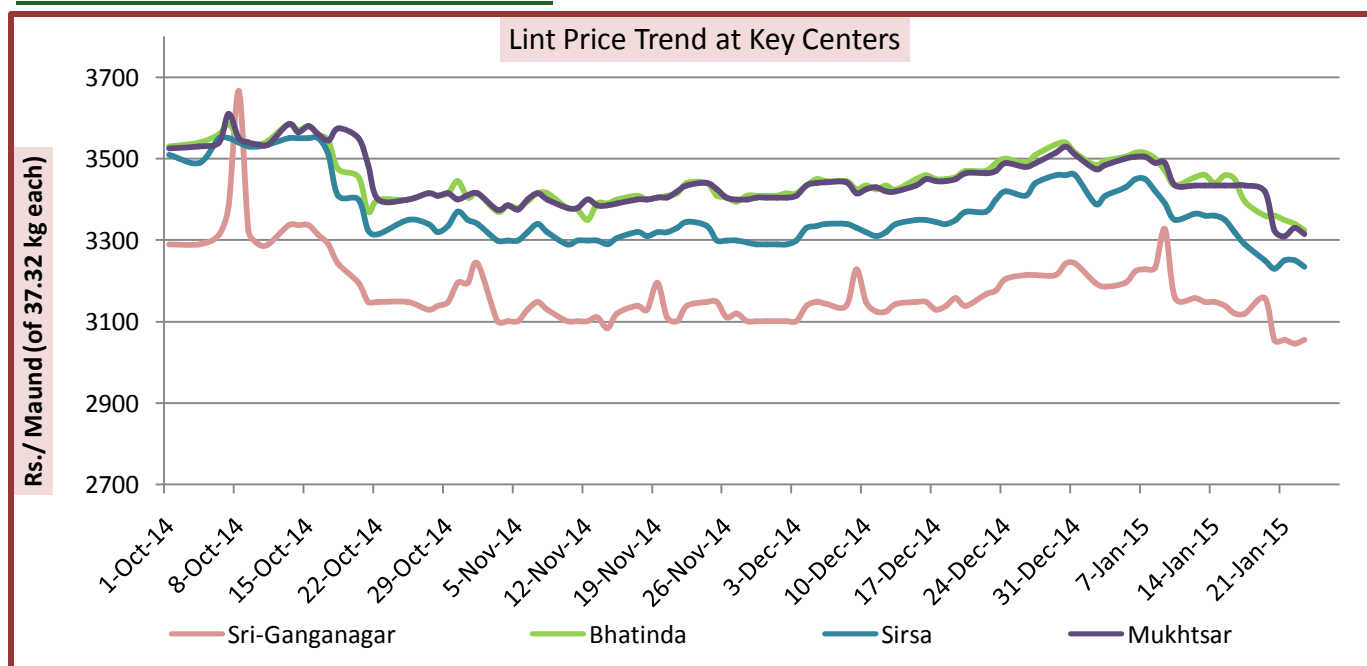
Centre	Variety	Weekly Average Prices as on		Change
		23 Jan 2015	16 Jan 2015	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	3850	3955	-105
Khandwa	Mech-1	3925	4050	-125
Khargaon	Mech-1	3925	4085	-160
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4075	4245	-170
Rajkot	B.T. Cotton	3985	4125	-140
Patan	B.T. Cotton	4090	4180	-90
Deesa	B.T. Cotton	3995	4075	-80
Muktsar	B.T. Cotton	4115	NR	-
Fazilika	B.T. Cotton	4215	4310	-95
Bhiwani	B.T. Cotton	4125	4305	-180
Adampur	B.T. Cotton	4055	4225	-170
Fatehabad	B.T. Cotton	4085	4225	-140
Dabwali	B.T. Cotton	3980	4125	-145
Jind	B.T. Cotton	4155	4260	-105
Uchana	B.T. Cotton	4070	4215	-145
Rawatsar	B.T. Cotton	3958	4115	-157
Hubli	B.T. Cotton	4043	4220	-177
Hathras	B.T. Cotton	4700	4440	260
Hanumangarh	B.T. Cotton	4080	4205	-125
	Kapas			
Ahmedabad	Shankar-6	4075	4170	-95
Gondal	Shankar-6	4040	4215	-175
	Kapas			
Hathras	Desi	4200	3720	480
Bijapur	Bunny	NA	4075	-
Hubli	D.C.H.	4440	5215	-775
Raichur	H-44 Cotton	4024	4100	-76
Guntur	Un-Ginned	4140	NA	-
Kurnool	Un-Ginned	4250	4250	Unch
Krishna	Un-Ginned	4050	NA	-
East Godavari	Un-Ginned	4000	4000	Unch
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	3335	3435	-100

Muktsar	J-34	3340	NA	-
Fazilika	J-34	3375	4310	-935
Bhatinda	J-34	3355	3450	-95
Mansa	J-34	3330	3415	-85
Sirsa	J-34	3250	3350	-100
Sri-Ganganagar	J-34	3080	3145	-65

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

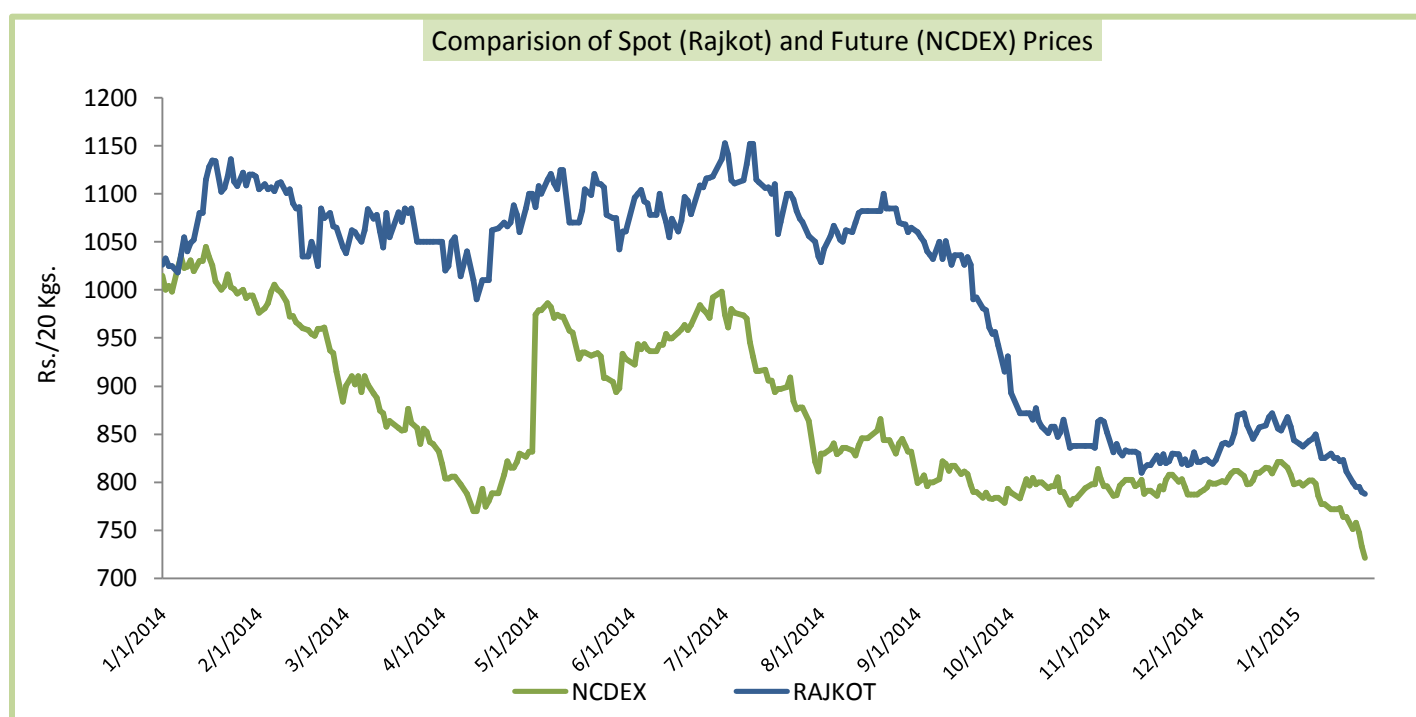


Price Trend of Lint at Various Centers:



Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices as on		+/- Change
				22nd Jan 2015	15th Jan 2015	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	30320	31400	-1080
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	30820	31965	-1145
J-34(202)	26mm	3.5 - 4.9	23	30420	31350	-930
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	30140	30950	-810
Shankar-6(105)	29mm	3.5 – 4.9	28	30740	31535	-795
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	32040	32815	-775
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	33240	33865	-625
DCH-32(107)	34mm	3.0 - 3.8	33	43860	44435	-575

Price Movement at Spot and Future Market:


Cotton Arrivals at Key Centers:

Centre	Variety	Cumulative Weekly Arrivals (Qtl) as on		Change
		23rd Jan 2015	16-Jan-15	
Amravati	Mech-1	67400	73500	-6100
Khandwa	Mech-1	2000	1600	400
Khargaon	Mech-1	8000	15000	-7000
Mahesana(Kadi)	B.T. Cotton	235000	57500	177500
Rajkot	B.T. Cotton	26350	20150	6200
Patan	B.T. Cotton	67056	39241	27815
Deesa	B.T. Cotton	9325	9135	190
Fazilika	B.T. Cotton	1500	3900	-2400
Muktsar	B.T. Cotton	595	247	348
Bhiwani	B.T. Cotton	9000	10000	-1000
Adampur	B.T. Cotton	2125	3230	-1105
Fatehabad	B.T. Cotton	1740	3325	-1585
Dabwali	B.T. Cotton	2400	3705	-1305
Jind	B.T. Cotton	2295	3995	-1700
Uchana	B.T. Cotton	5500	8815	-3315
Rawatsar	B.T. Cotton	100	525	-425
Hubli	B.T. Cotton	444	438	6
Hathras	B.T. Cotton	NA	50	-
Hanumangarh	B.T. Cotton	7400	7500	-100
Ahmedabad	Shankar-6	306000	297500	8500
Gondal	Shankar-6	11612	10515	1097
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	5672	-
Hubli	D.C.H.	190	244	-54
Raichur	H-44 Cotton	14392	7409	6983
Guntur	Un-Ginned	4	NA	-
Kurnool	Un-Ginned	590	18	572
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	3230	2975	255
Bhatinda	J-34	32980	80750	-47770
Mansa	J-34	3145	1955	1190

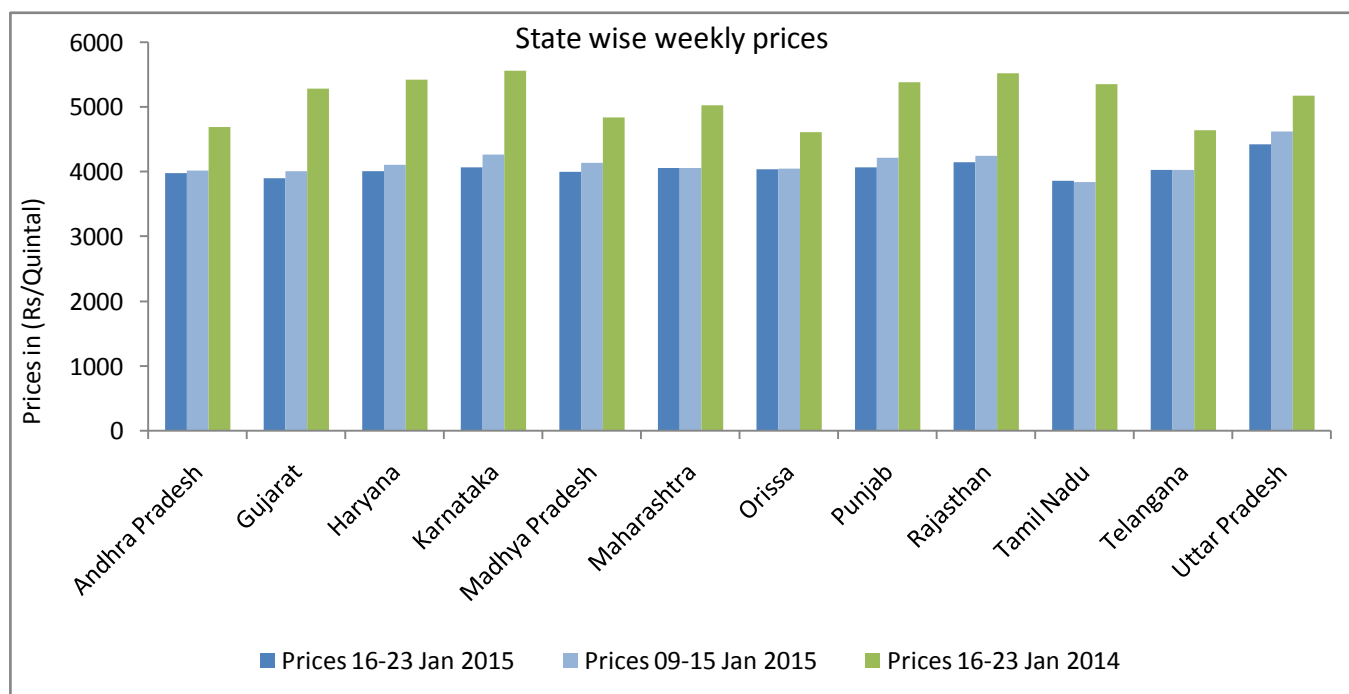
Sirsa	J-34	5610	6970	-1360
Sri-Ganganagar	J-34	24650	27200	-2550

State wise Scenario

State wise Weekly Prices (Rs./Qtl.)

State	Prices 16-23 Jan 2015	Prices 09-15 Jan 2015	Prices 16-23 Jan 2014	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3970.54	4013.88	4686.77	-1.08	-15.28
Gujarat	3895.26	4007.47	5278.39	-2.8	-26.2
Haryana	4003.7	4103.9	5414.97	-2.44	-26.06
Karnataka	4061.97	4265.13	5560.08	-4.76	-26.94
Madhya Pradesh	3991.43	4130.81	4837.66	-3.37	-17.49
Maharashtra	4050	4050	5021.45	0	-19.35
Orissa	4028.17	4045.79	4610.79	-0.44	-12.64
Punjab	4063.88	4211.65	5378.43	-3.51	-24.44
Rajasthan	4141.54	4242.75	5512.67	-2.39	-24.87
Tamil Nadu	3855.5	3832.14	5347.02	0.61	-27.89
Telangana	4020.49	4018.65	4636.01	0.05	-13.28
Uttar Pradesh	4423.28	4620.24	5166.04	-4.26	-14.38
Average	4042.15	4128.53	5195.49		

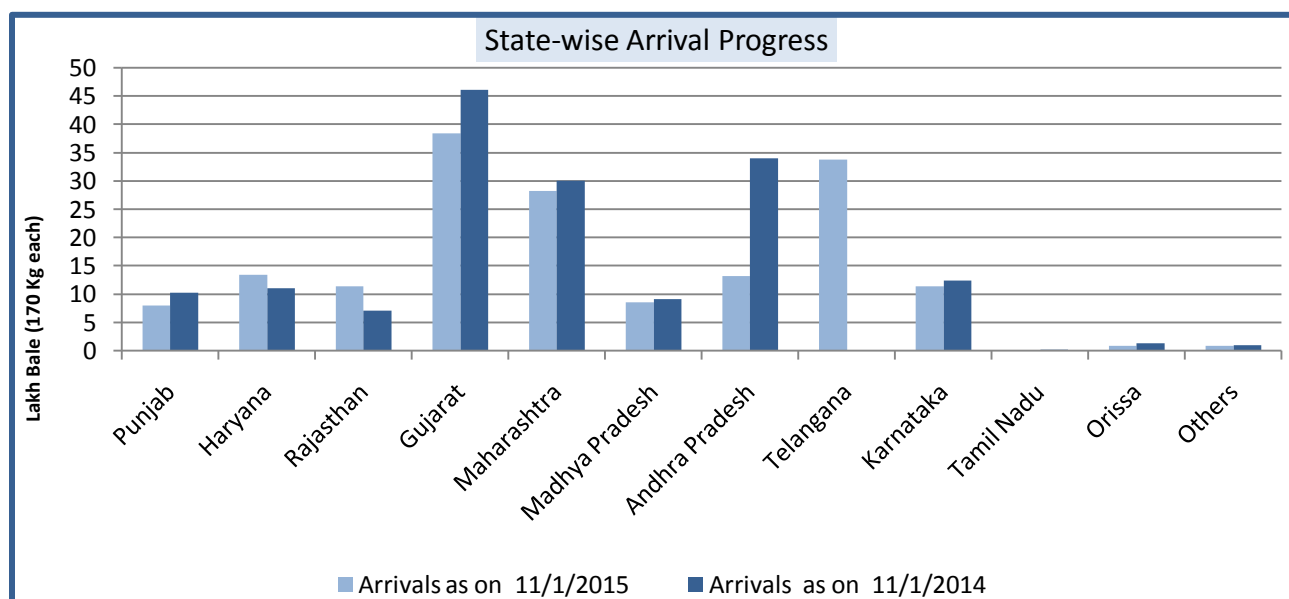
Cotton prices are showing downtrend on Y-o-Y basis in all the major cotton marketing centers. At the major trading centers, the same has fallen down on week on week basis also except Telangana and Tamil Nadu. Maharashtra has noticed steady movement in the prices during the week.



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:

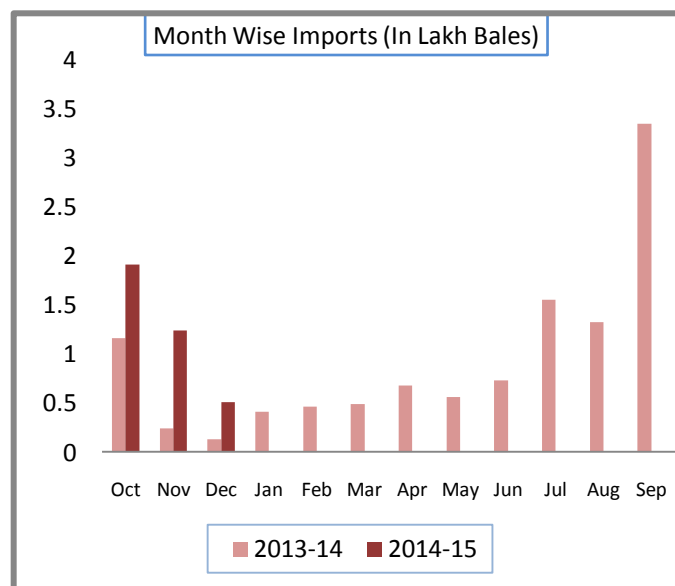
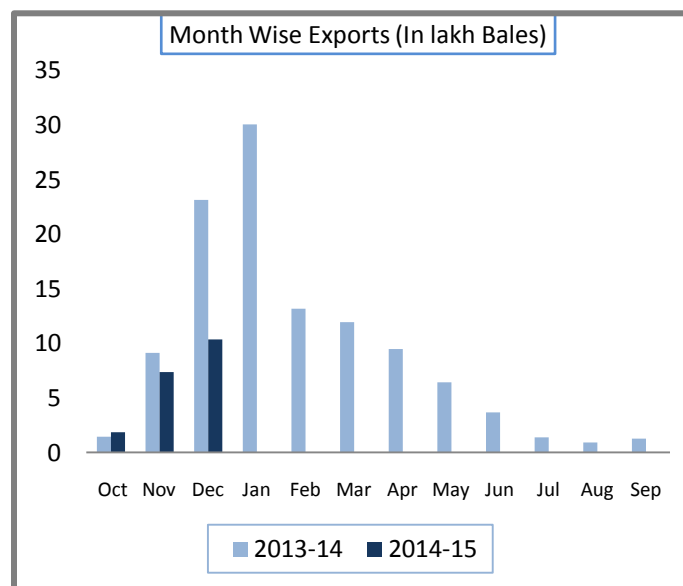
States	2014-15*		2013-14	
	Production as per CAB	Arrivals As on	Production as per CAB	Arrivals As on
	13-10-2014	11/1/2015	2/7/2014	11/1/2014
1. Punjab	14	8.02	21	10.27
2. Haryana	25	13.41	23	11.06
3. Rajasthan	17	11.38	14	7.09
A. North Total (1+2+3)	56	32.81	58	28.42
4. Gujarat	125	38.46	120	46.19
5. Maharashtra	85	28.29	84	30.06
6. Madhya Pradesh	18	8.55	19	9.2
B. Central Total (4+5+6)	228	75.3	223	85.45
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
C. South Total (7+8+9)	110	58.46	103	46.71
11. Orissa	4	0.86	4	1.33
12. Others	2	0.88	2	1.05
D. Total (11+12)	6	1.74	6	2.38
Grand Total (A+B+C+D)	400	168.31	390	162.96



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	
Total	111.5	19.5

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	
Total	11.07	3.66



Weekly Export Import Data

Date	05-11 Jan 2015	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

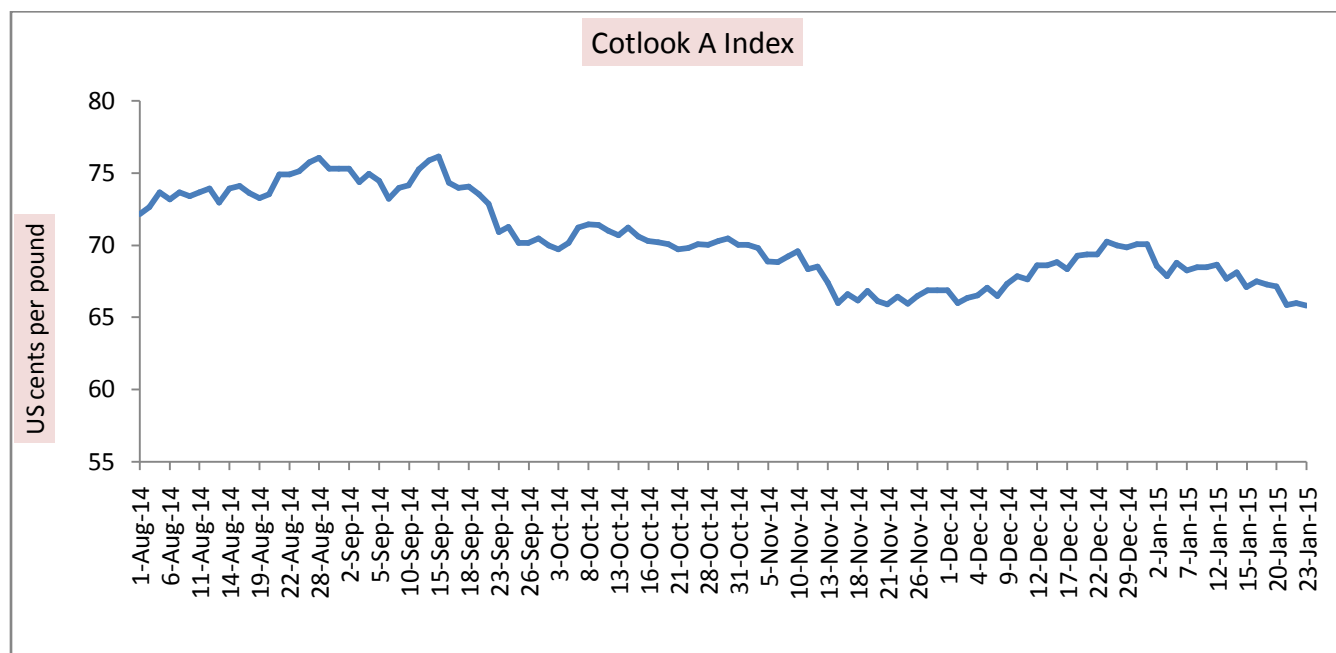
Cotton price plunged five year low on Tuesday last week (20 Jan 2015) following the Chinese data and revised global economic forecasts. China recorded 7.4% growth in the economy, the slowest growth rate in nearly a quarter of a century, according to National Bureau of Statistics. Also International Monetary Fund (IMF) lowered its global growth forecast for 2015 to 3.5% which was estimated 3.8% earlier. Following the wave, World Bank also reduced its forecast for global economic expansion to 3%, around 0.4% lower than the previous estimate. March contract, most active contract on ICE, settled at 57.79 cents a pound, the lowest price recorded since August 27, 2009.

China cotton import during December noted a fall of 57 percent, when compared to corresponding month during the previous year. China imported 264,500 tons of cotton in December and 2.4 million tons during the year 2014, around 41 percent lower when compared to previous year.

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.

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.

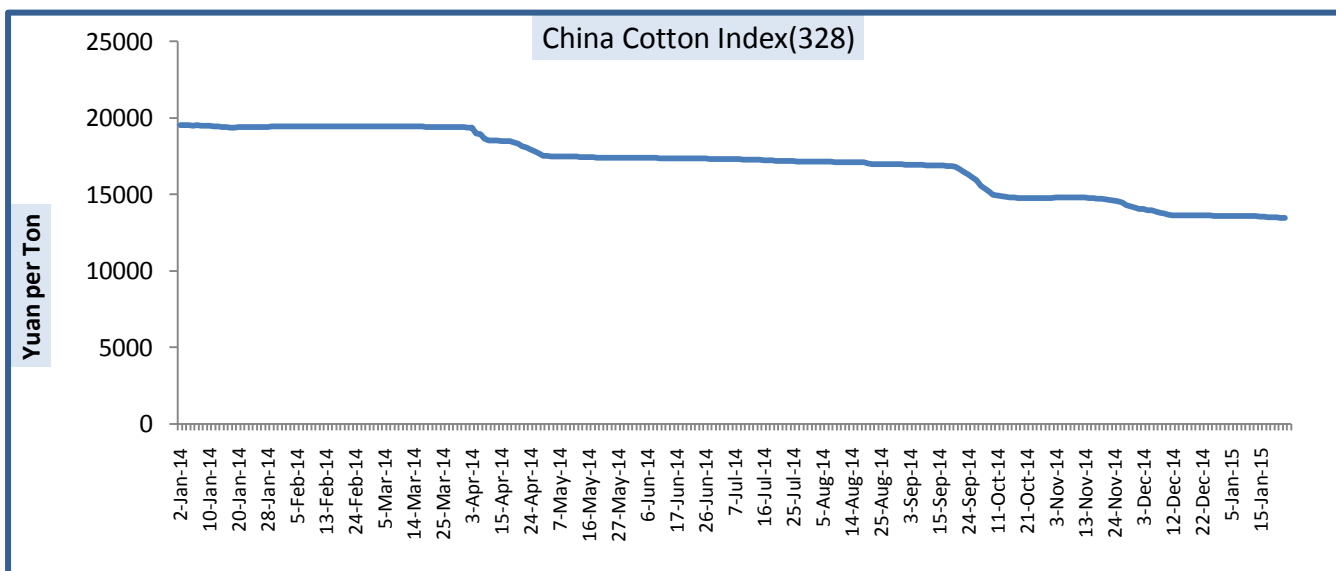
Pakistan Bureau of Statistics revealed that textile and clothing export surged to \$1.128 billion in November 2014 from \$998.143 million in the corresponding period of last year, an increase of 7.01 per cent.



International Prices and Indices

China Cotton Index:

CC Indices	Weekly Average Price as on		% Change
	23-Jan-15	16-Jan-15	
CC Index(229)	14224	14300	-0.53
CC Index(328)	13498	13582	-0.62
CC Index(527)	12530	12610	-0.63
Prices in Yuan per Ton			

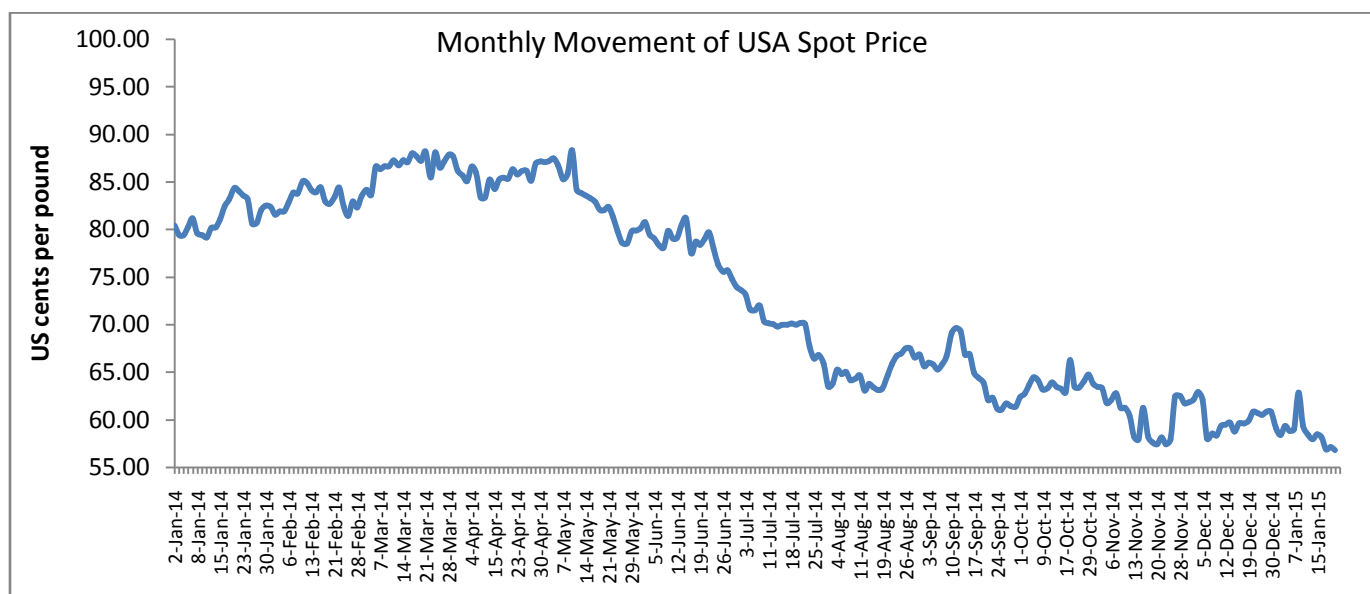


Cotlook A Index:

Cotlook A Index	Weekly Average Price as on		% Change
	23-Jan-15	16-Jan-15	
Prices	66.41	67.8	-2.05
Prices in US cents per Pound			

USA Spot Prices:

USA Spot Prices	Weekly Average Price as on		% Change
	23-Jan-15	16-Jan-15	
Prices	57.10	58.20	-1.89
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	23-Jan-2015	Week Ago	Year Ago	%W-o-W change	%Y-o-Y change
Mar-15	57.30	59.23	77.26	-3.26	-25.83
May-15	58.20	60.02	--	-3.03	
Jul-15	59.11	60.91	--	-2.96	
Oct-15	60.15	61.84	--	-2.73	
Dec-15	61.50	63.04	--	-2.44	
Mar-15	62.56	64.14	--	-2.46	

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
Bearish Momentum	700-750

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
685	670	765	770

Figures in Rs. per 20Kgs.

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

Weekly Technical Outlook:

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

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Bearish Momentum	56.40-58.80

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
56.00	55.40	59.00	59.60

Figures in US cents per pound

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