

Current Market Outlook

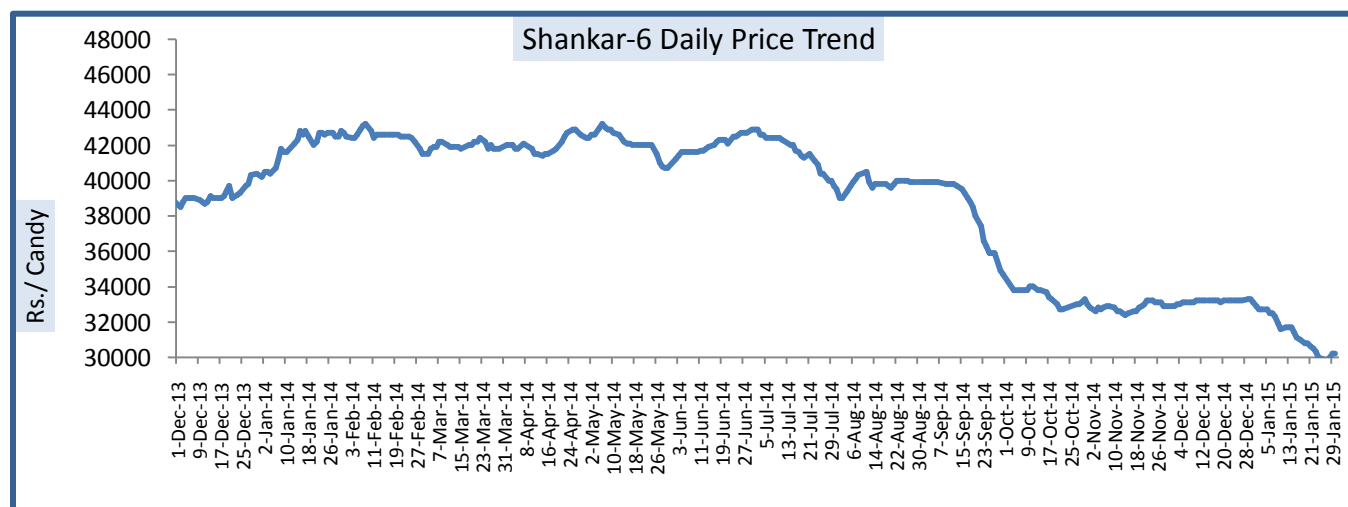
India exported 1.24 lakh bales of cotton this week (19-25 Jan 2015), which was 1.26 lakh bales previous week (12-18 Jan 2015), according to the data compiled by IBIS. Imports on the other hand stood 0.13 lakh bales, which was 0.09 lakh bales previous week.

India could now face the hurdle of import duty in cotton yarn export to Pakistan. Pakistan Yarn Merchants Association (PYMA) demanded government to impose 15 per cent regulatory duty on cotton yarn imports from India as it is hurting the domestic market. According to PYMA cotton yarn imports during July to December 2014 has climbed fourfold of the imports during same period in 2013. All Pakistan Textile Mills Association (APTMA) had also pointed towards the expected threat to domestic textile sector driven by rise in cotton yarn imports from India.

Cotton Corporation of India (CCI) has invited the bids to sell 5,100 bales of cotton through e-auction. The sale of cotton in domestic market by CCI would pressurize the cotton prices which are already ruling weak due to cut in China cotton imports. On other hand CCI is forced to sell the cotton in domestic market due to lack in overseas demand.

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 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*
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.

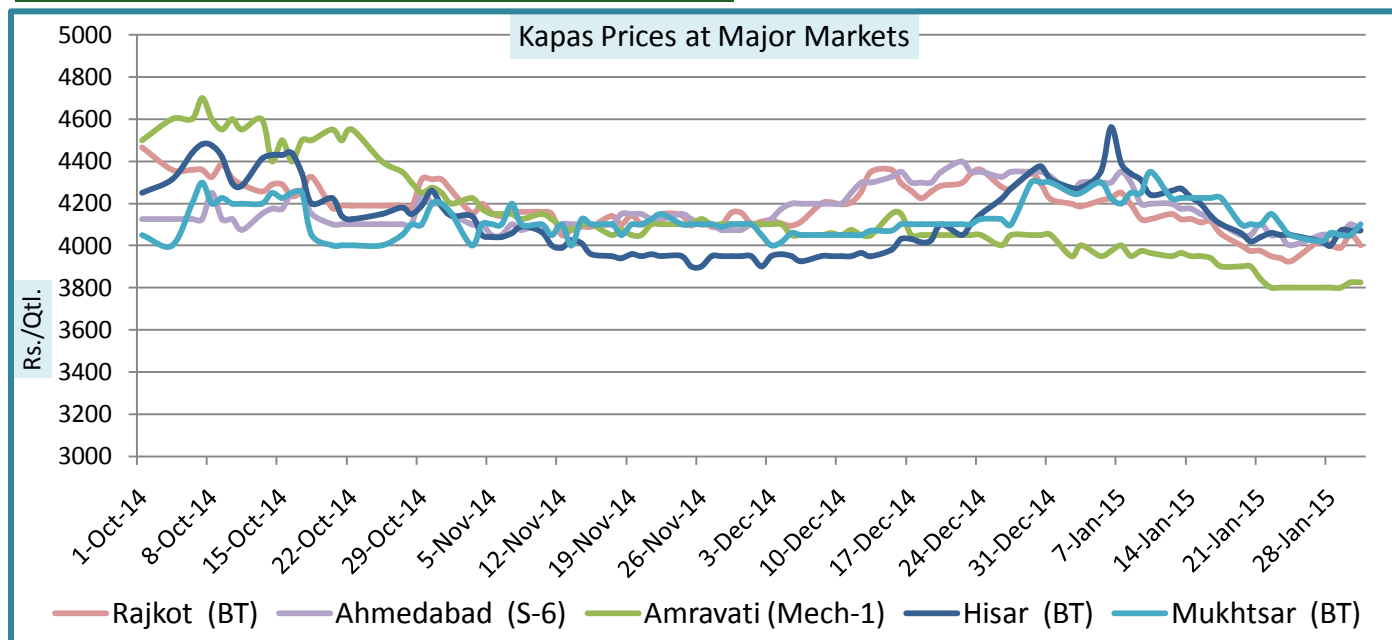
Cotton Prices and Arrivals

Cotton Prices at Key Spot Centers:

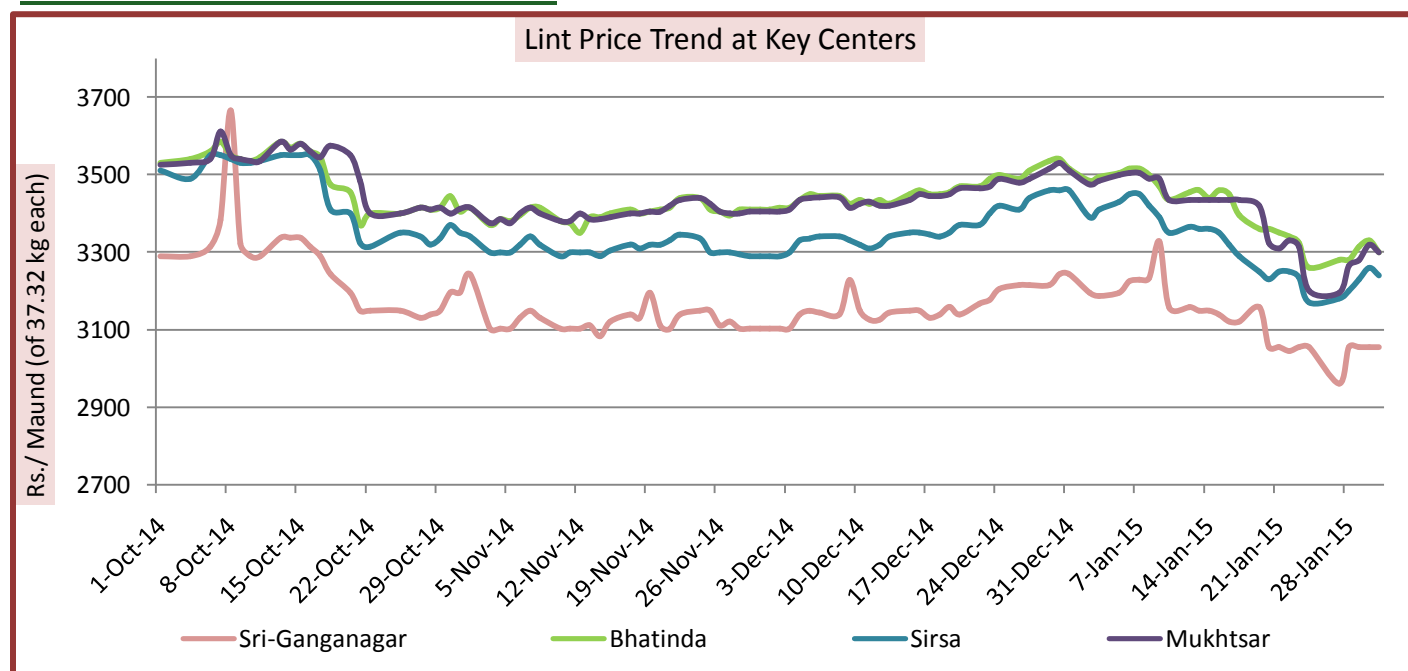
Centre	Variety	Weekly Average Prices as on		Change
		30th Jan 2015	23rd Jan 2015	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	3805	3850	-45
Khandwa	Mech-1	--	3925	-
Khargaon	Mech-1	--	3925	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4130	4075	55
Rajkot	B.T. Cotton	4000	3985	15
Patan	B.T. Cotton	4085	4090	-5
Deesa	B.T. Cotton	3915	3995	-80
Muktsar	B.T. Cotton	4045	4115	-70
Fazilika	B.T. Cotton	4145	4210	-65
Bhiwani	B.T. Cotton	4075	4125	-50
Adampur	B.T. Cotton	4030	4055	-25
Fatehabad	B.T. Cotton	4055	4085	-30
Dabwali	B.T. Cotton	3980	3980	Unch
Jind	B.T. Cotton	4140	4155	-15
Uchana	B.T. Cotton	4100	4070	30
Rawatsar	B.T. Cotton	3975	3960	15
Hubli	B.T. Cotton	3975	4045	-70
Hathras	B.T. Cotton	4700	4700	0
Hanumangarh	B.T. Cotton	4065	4080	-15
	Kapas			
Ahmedabad	Shankar-6	4050	4075	-25
Gondal	Shankar-6	4010	4040	-30
	Kapas			
Hathras	Desi	4200	4200	Unch
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	3960	4440	-480
Raichur	H-44 Cotton	3915	4025	-110
Guntur	Un-Ginned	4140	4140	Unch
Kurnool	Un-Ginned	4000	4250	-250
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	4000	4000	Unch
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	3280	3335	-55
Muktsar	J-34	3250	3340	-90
Fazilika	J-34	3360	3370	-10

Bhatinda	J-34	3295	3355	-60
Mansa	J-34	3270	3330	-60
Sirsa	J-34	3210	3250	-40
Sri-Ganganagar	J-34	3035	3080	-45

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

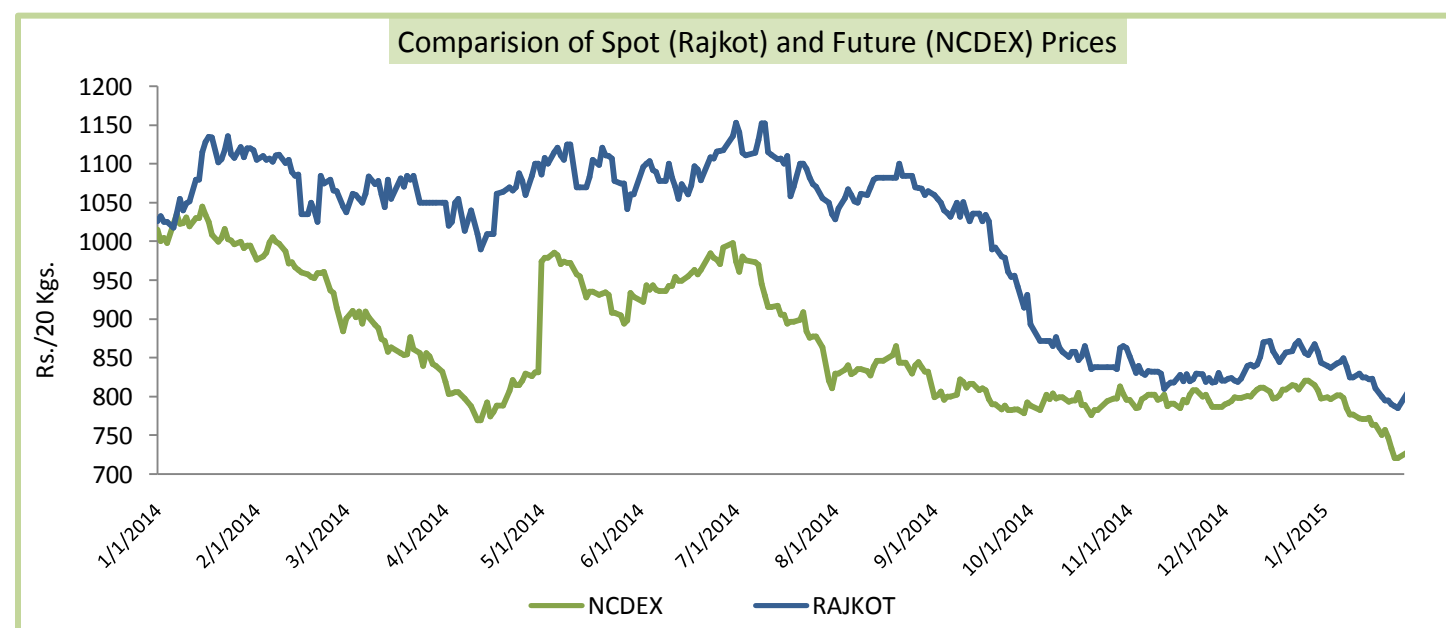


Price Trend of Lint at Various Centers:



Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Weekly Average Prices		+/- Change
				29th Jan 2015	22nd Jan 2015	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	29500	30320	-820
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	30000	30820	-820
J-34(202)	26mm	3.5 - 4.9	23	30000	30420	-420
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	29380	30140	-760
Shankar-6(105)	29mm	3.5 - 4.9	28	30060	30740	-680
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	32360	32040	320
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	33360	33240	120
DCH-32(107)	34mm	3.0 - 3.8	33	42780	43860	-1080

Price Movement at Spot and Future Market:


Cotton Arrivals at Key Centers:

Centre	Variety	Weekly Cumulative Arrival (Qtl) as on		Change
		30th Jan 2015	23rd Jan 2015	
Amravati	Mech-1	68100	67400	700
Khandwa	Mech-1	--	2000	-
Khargaon	Mech-1	--	8000	-
Mahesana(Kadi)	B.T. Cotton	81000	235000	-154000
Rajkot	B.T. Cotton	16300	26350	-10050
Patan	B.T. Cotton	44807	67056	-22249
Deesa	B.T. Cotton	3300	9325	-6025
Fazilika	B.T. Cotton	2300	1500	800
Muktsar	B.T. Cotton	748	595	153
Bhiwani	B.T. Cotton	4000	9000	-5000
Adampur	B.T. Cotton	1445	2125	-680
Fatehabad	B.T. Cotton	1875	1740	135
Dabwali	B.T. Cotton	1375	2400	-1025
Jind	B.T. Cotton	1080	2295	-1215
Uchana	B.T. Cotton	5000	5500	-500
Rawatsar	B.T. Cotton	600	100	500
Hubli	B.T. Cotton	142	444	-302
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	5200	7400	-2200
Ahmedabad	Shankar-6	187850	306000	-118150
Gondal	Shankar-6	8640	11612	-2972
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	142	190	-48
Raichur	H-44 Cotton	34	14392	-14358
Guntur	Un-Ginned	20700	4	20696
Kurnool	Un-Ginned	1	590	-589
Krishna	Un-Ginned	1	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	3230	3230	Unch
Bhatinda	J-34	46580	32980	13600
Mansa	J-34	2805	3145	-340
Sirsa	J-34	2890	5610	-2720

Sri-Ganganagar	J-34	15300	24650	-9350
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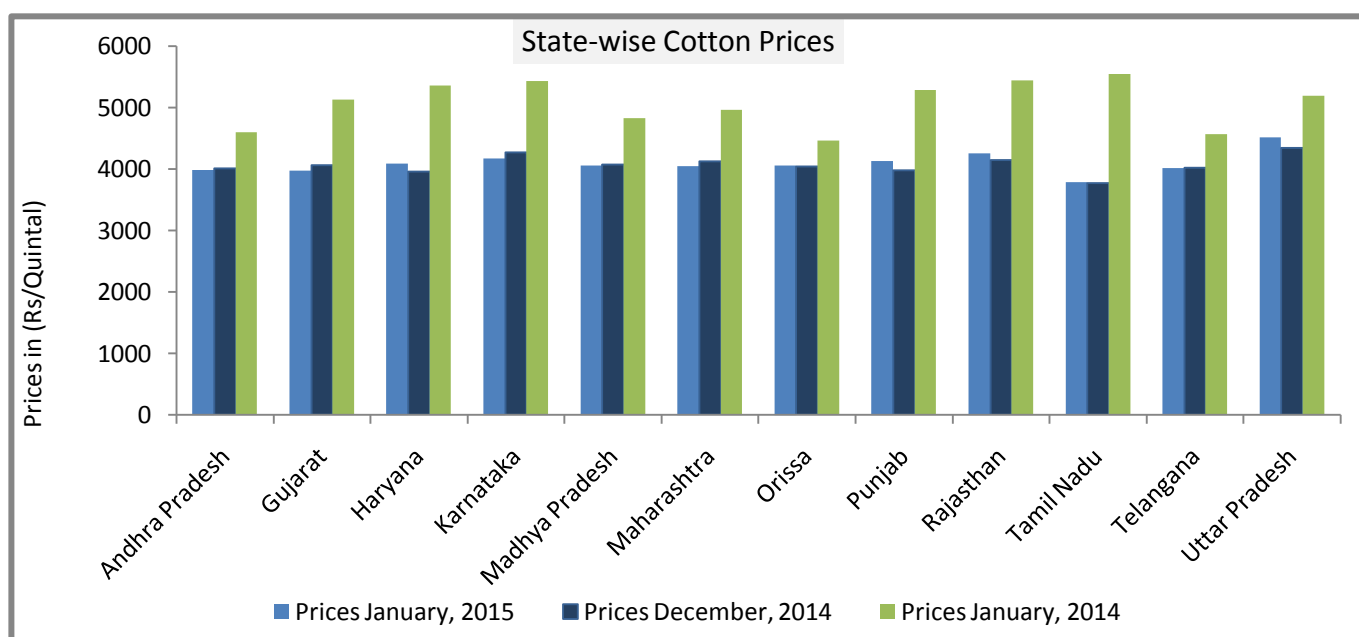
State wise Scenario

State wise Prices (Rs./Qtl.)

State	Prices January, 2015	Prices December, 2014	Prices January, 2014	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	3979	4011.39	4594.92	-0.81	-13.4
Gujarat	3974.49	4062.63	5126.73	-2.17	-22.48
Haryana	4091.07	3954.09	5353.58	3.46	-23.58
Karnataka	4172.57	4272.46	5427.11	-2.34	-23.12
Madhya Pradesh	4054.23	4068.88	4824.32	-0.36	-15.96
Maharashtra	4050.25	4127.01	4959.12	-1.86	-18.33
Orissa	4058.87	4043.28	4459.98	0.39	-8.99
Punjab	4127.82	3983.13	5280.93	3.63	-21.84
Rajasthan	4251.87	4150.34	5438.98	2.45	-21.83
Tamil Nadu	3785.49	3775.13	5541.3	0.27	-31.69
Telangana	4016.42	4022.25	4560.14	-0.14	-11.92
Uttar Pradesh	4508.43	4346.13	5187.8	3.73	-13.1
Average	4089.21	4024.36	5128.21		

*Source: Agmarknet

Cotton prices are showing downtrend on Y-o-Y basis in all the mentioned states. On month on month basis, prices are showing recovery in some of the trading centers but major centers including Gujarat, Andhra Pradesh and Maharashtra are denoting weakness in the prices on month on basis. Prices in Haryana, Punjab and Rajasthan have improved this month compared to previous.

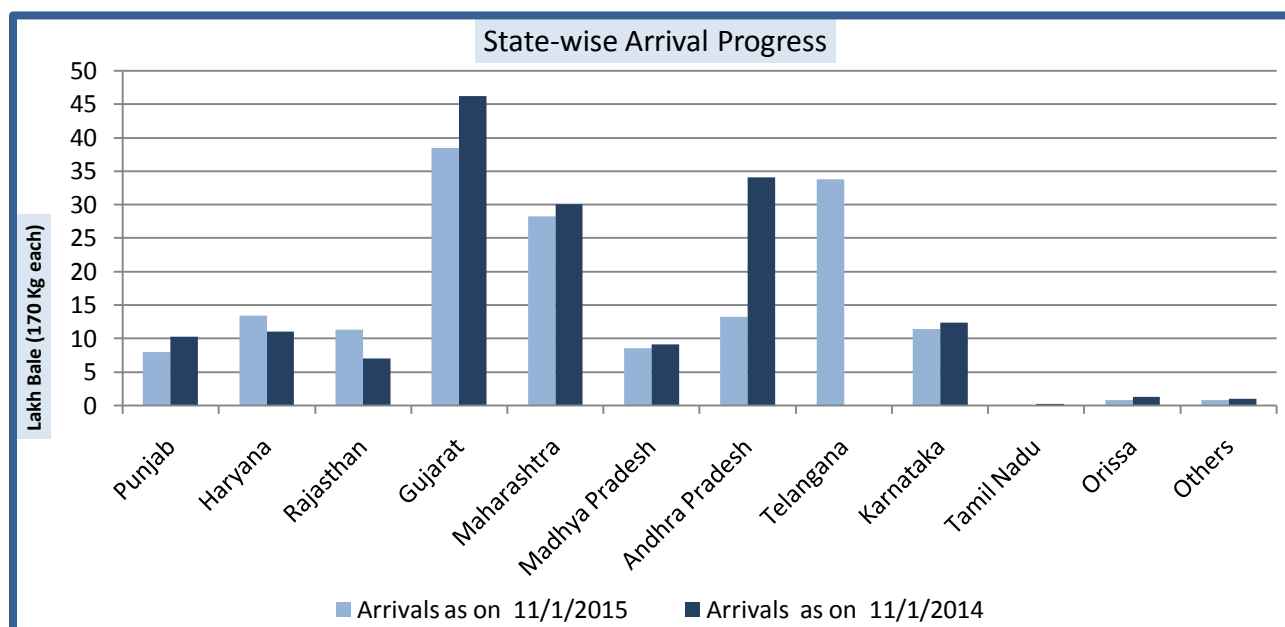


State wise Arrivals (in lakh bales of 170 kgs each):

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	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
Central Total	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
South Total	110	58.46	103	46.71
11. Orissa	4	0.86	4	1.33
12. Others	2	0.88	2	1.05
Total	6	1.74	6	2.38
Grand Total	400	168.31	390	162.96

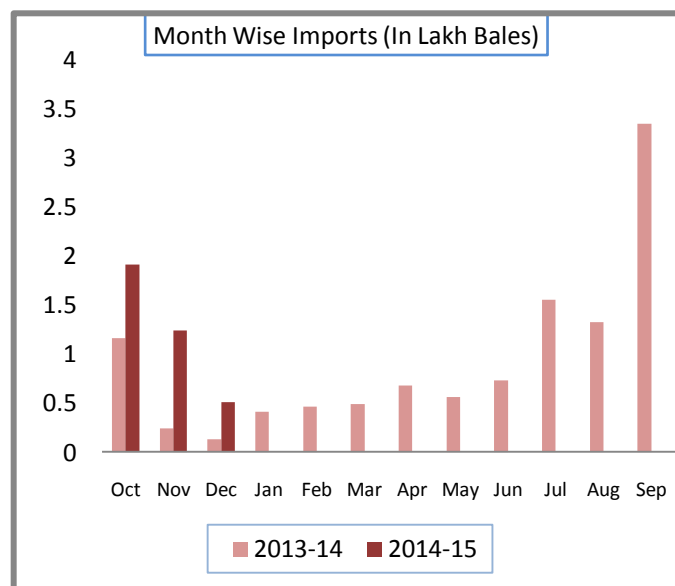
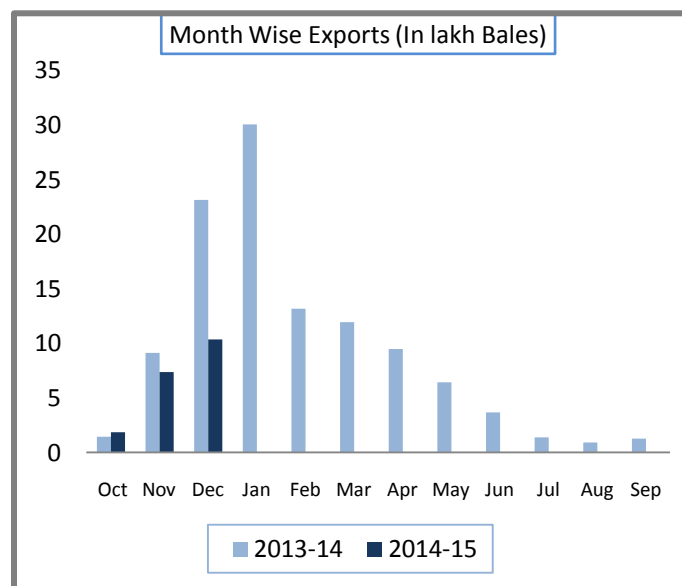
* Inclusive of new crop arrivals in September 2014
** Quantity in lakh bales (of 170 kgs. each)



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	
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	19-25 Jan 2014	12-18 Jan 2015
Export (In lakh Bales)	1.24	1.26
Import (In lakh Bales)	0.13	0.09

Source: IBIS

International Market Scenario

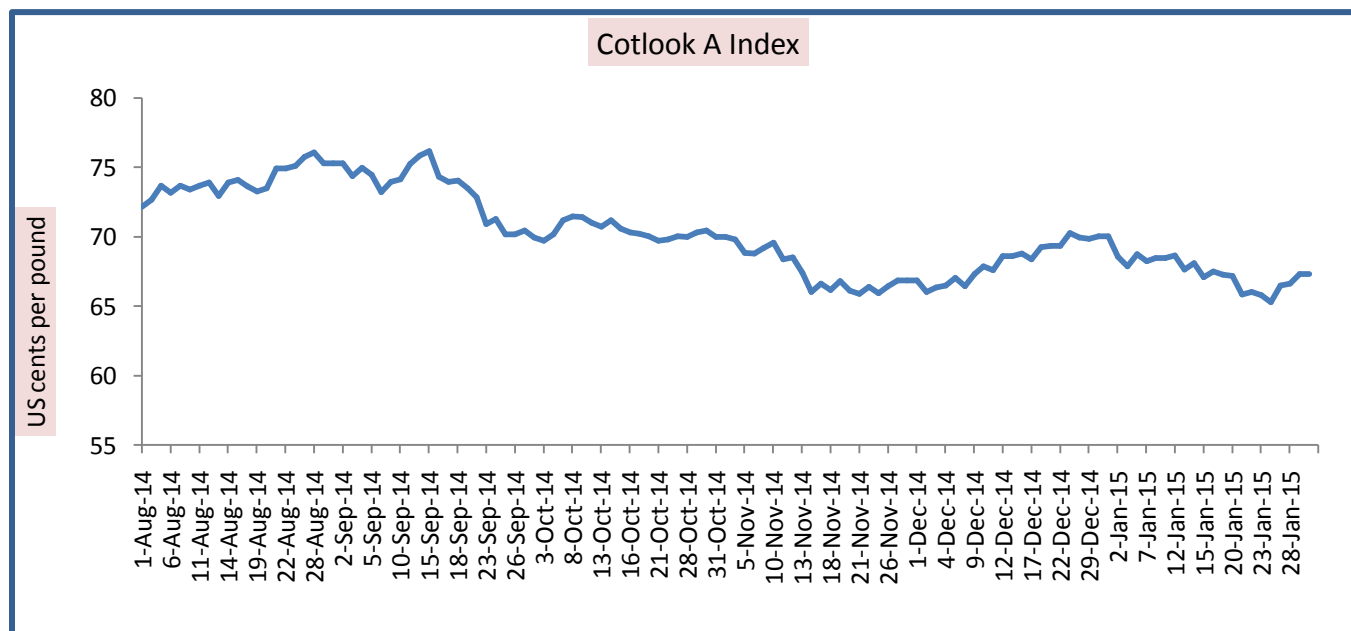
Pakistan Yarn Merchants Association (PYMA) demanded government to impose 15 per cent regulatory duty on cotton yarn imports from India as it is hurting the domestic market. According to PYMA cotton yarn imports during July to December 2014 has climbed fourfold of the imports during same period in 2013. All Pakistan Textile Mills Association (APTMA) had also pointed towards the expected threat to domestic textile sector driven by rise in cotton yarn imports from India.

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 on January 20th 2015, 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.

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.



International Prices and Indices

China Cotton Index:

CC Indices	Weekly Average Price as on		% Change
	30-Jan-15	23-Jan-15	
CC Index(229)	14170	14224	-0.38
CC Index(328)	13458	13498	-0.30
CC Index(527)	12456	12530	-0.59

Prices in Yuan per Ton



Cotlook A Index:

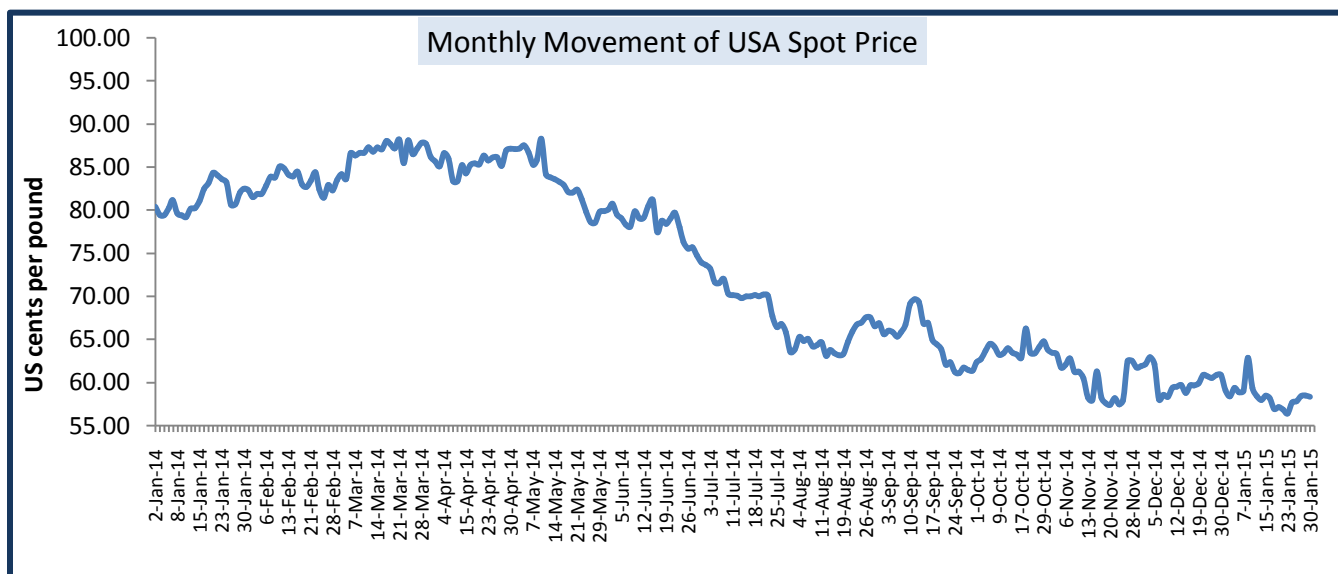
Cotlook A Index	Weekly Average Price as on		% Change
	30-Jan-15	23-Jan-15	
Prices	66.6	66.41	0.29

Prices in US cents per Pound

USA Spot Prices:

USA Spot Prices	Weekly Average Price as on		% Change
	30-Jan-15	23-Jan-15	
Prices	58.14	56.80	2.36

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	67.35	-23.02
February	94.05		
March	96.94		
April	94.2		
May	92.7		
June	90.89		
July	83.83		

Cotton Futures (ICE):

Contracts	30-Jan-2015	Week Ago	Year Ago	%W-o-W change	%Y-o-Y change
Mar-15	59.36	61.98	77.1	-4.23	-23.01
May-15	60.02	62.59		-4.11	--
Jul-15	60.85	63.49		-4.16	--
Oct-15	61.80	64.75		-4.56	--
Dec-15	62.79	65.94		-4.78	--
Mar-15	63.29	66.97		-5.49	--

Figures in US cents per pound

Cotton Futures

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



Weekly Technical Outlook:

- Candlesticks denote upward movement during the week.
- RSI is moving up in neutral region.
- MACD is depicting correction in centerline and signal line movement.
- We expect cotton prices to remain sideways with firm biasness.

Expected Price Range During Coming Week.

Expected Trend	Expected Trading Band
Sideways to Firm	715-755

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
710	700	765	775

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.
- Rising prices along with increasing volume depicts firmness.
- We expect prices to remain sideways with firm biasness.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Sideways to Firm	58.00-60.80

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
57.20	57.00	61.40	62.00

Figures in US cents per pound

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