

Current Market Outlook

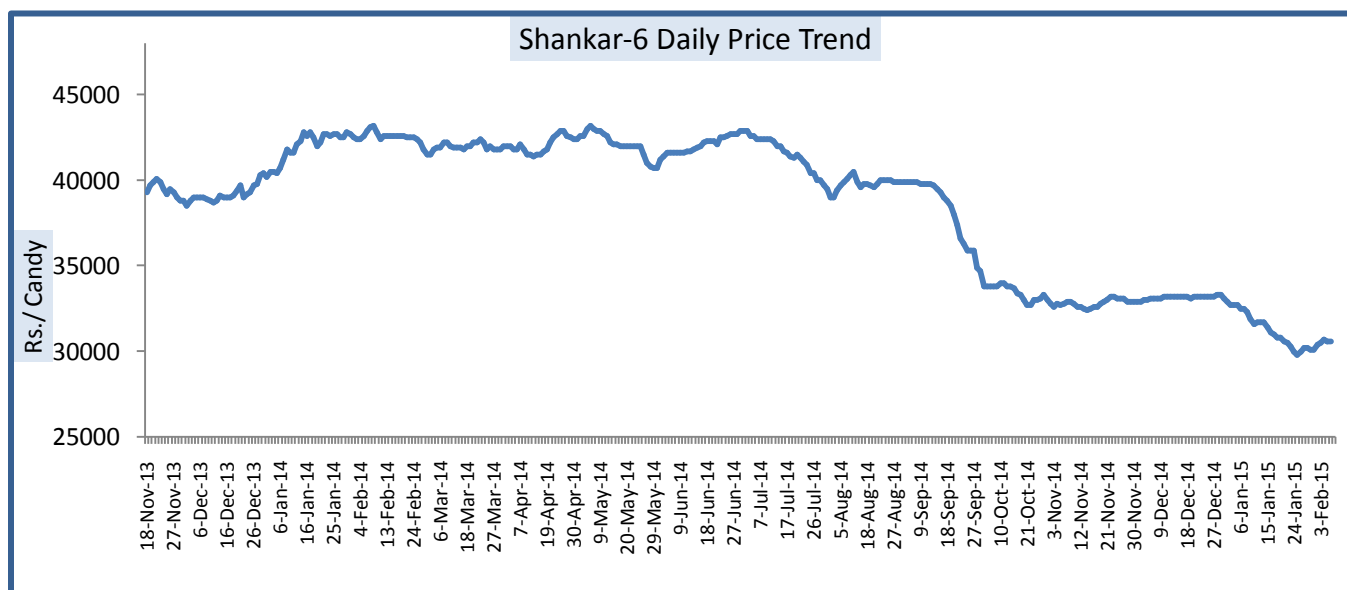
Cotton output in Gujarat is likely to stand around 105 lakh bales this season compared to 120 lakh bales in previous season, according to Department of Agriculture Economics, Junagarh. The reason for the drop in the production are the late arrival and early withdrawal of monsoon, high temperature during October and November 2014 and leaf reddening disease (Lal Patti), which has affected about 20 per cent of cotton fields.

Cotton procurement by Cotton Corporation of India (CCI) is likely to surpass the procurement target of 60 lakh bales this season. CCI expects to purchase over 75 lakh bales this season (2014-15). CCI has also started the selling of cotton through the online and conventional methods of auctions.

According to the International Service for the Acquisition of Agri-Biotech Applications (ISAAA), India in year 2014 ranks fourth in the GM crop acreage in the world with the coverage of 11.6 million hectares, following US (73.1 mh), Brazil (42.2 mh) and Argentina (24.3 mh). The entire area under GM crop in India was Bt cotton as 96 percent of total cotton area is now Bt cotton, the GMO. Total area under GM crop stood 181.5 million hectares in 2014 compared to 175.2 million hectares in 2013.

According to the data released by Maharashtra department of agriculture, around 90 lakh farmers have been affected severely by the drought this year, which has influenced mainly Marathwada and Vidarbha regions, the major cotton growing areas in the state. According to the officials, cotton output could fall by 1.5 crore quintal this year in the state.

World cotton acreage is expected to fall in the season 2015-16 due to the weak cotton prices ruling in all the major cotton growing regions, including India. Cotton acreage is likely to fall by 6% to 31.6 million tons in 2015-16 on the global front. Acreage in India is expected to drop by 5% to 11.6 million hectares in 2015-16.



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.

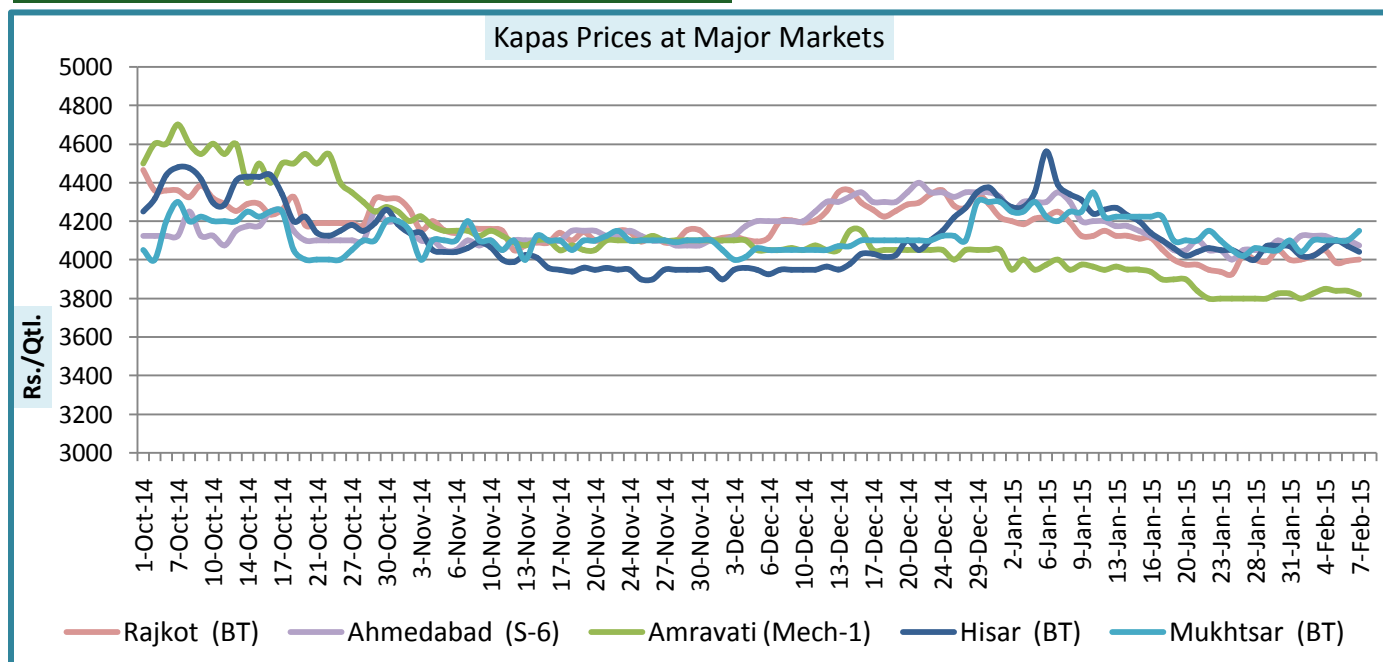
Cotton Prices and Arrivals

Cotton Prices at Key Spot Centers:

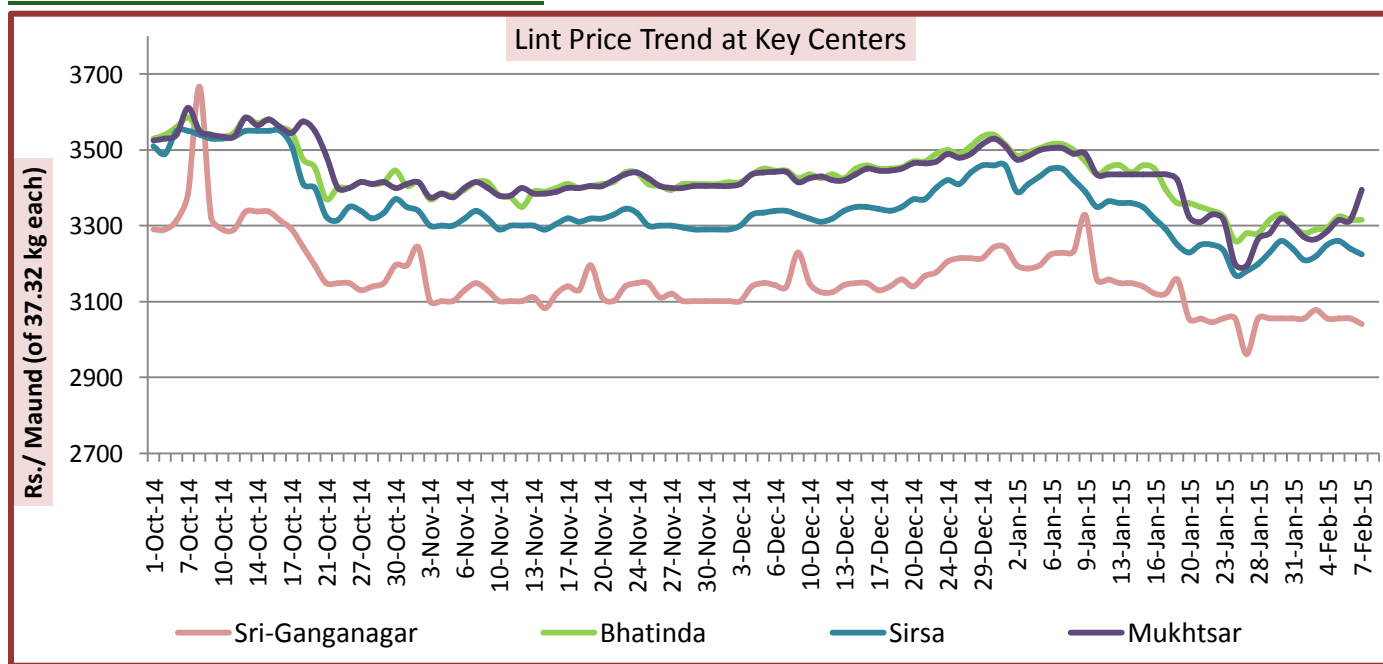
Centre	Variety	Weekly Average Prices		Change
		6th Feb 2015	30th Jan 2015	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	3830	3805	25
Khandwa	Mech-1	4050	--	-
Khargaon	Mech-1	4050	--	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4150	4130	20
Rajkot	B.T. Cotton	4010	4000	10
Patan	B.T. Cotton	4105	4085	20
Deesa	B.T. Cotton	3930	3915	15
Muktsar	B.T. Cotton	4085	4045	40
Fazilika	B.T. Cotton	4165	4145	20
Bhiwani	B.T. Cotton	4120	4075	45
Adampur	B.T. Cotton	4065	4030	35
Fatehabad	B.T. Cotton	4095	4060	35
Dabwali	B.T. Cotton	3985	3980	5
Jind	B.T. Cotton	4170	4140	30
Uchana	B.T. Cotton	4100	4105	-5
Rawatsar	B.T. Cotton	3995	3975	20
Hubli	B.T. Cotton	4000	3975	25
Hathras	B.T. Cotton	4140	4700	-560
Hanumangarh	B.T. Cotton	4100	4065	35
	Kapas			
Ahmedabad	Shankar-6	4110	4050	60
Gondal	Shankar-6	4030	4010	20
	Kapas			
Hathras	Desi	4600	4200	400
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	4130	3960	170
Raichur	H-44 Cotton	4030	3915	115
Guntur	Un-Ginned	4050	4140	-90
Kurnool	Un-Ginned	4040	4000	40
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	4000	4000	Unch
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	3295	3280	15
Muktsar	J-34	3285	3250	35
Fazilika	J-34	3300	3360	-60
Bhatinda	J-34	3300	3295	5

Mansa	J-34	3280	3270	10
Sirsa	J-34	3240	3210	30
Sri-Ganganagar	J-34	3060	3040	20

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

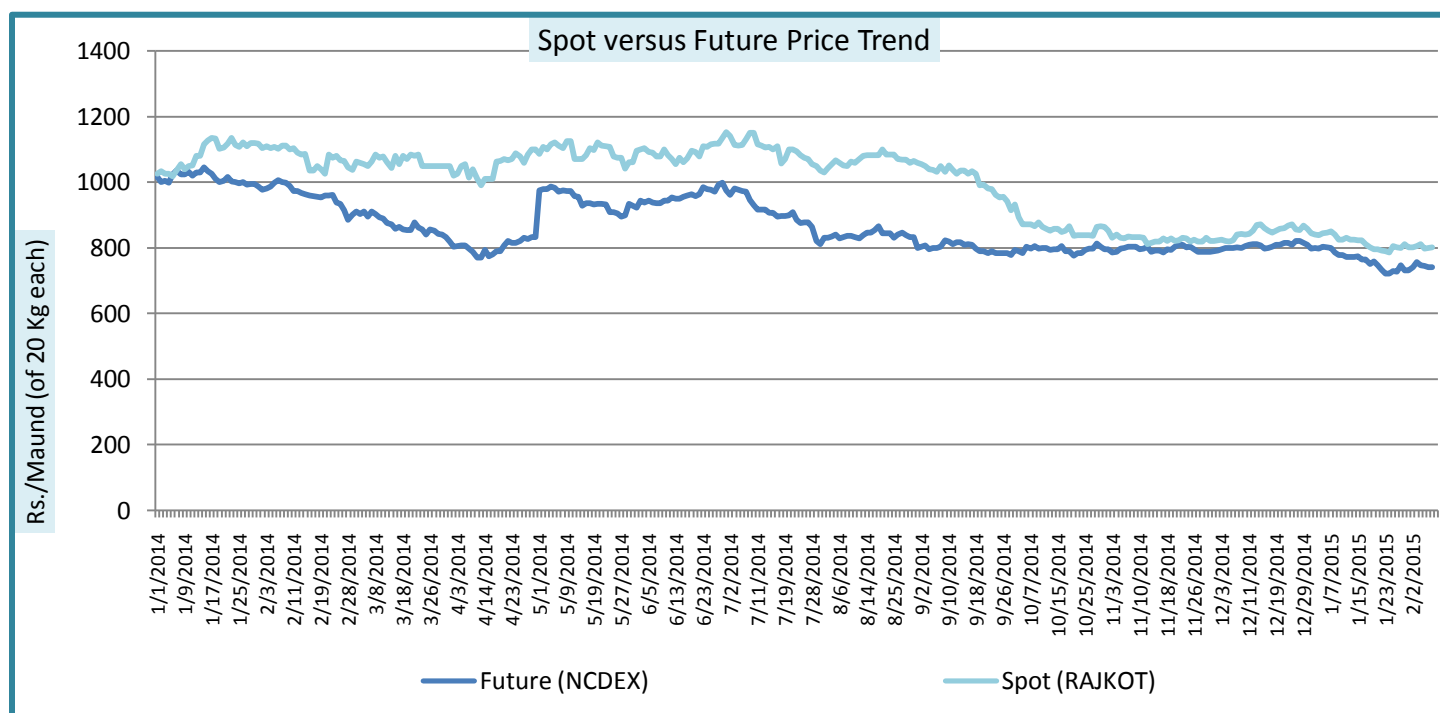


Price Trend of Lint at Various Centers:



Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength / GPT	Weekly Average Prices as on		+/- Change
				5th Feb 2015	29th Jan 2015	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	29315	29500	-185
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	29815	30000	-185
J-34(202)	26mm	3.5 - 4.9	23	30285	30000	285
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	29615	29380	235
Shankar-6(105)	29mm	3.5 - 4.9	28	30415	30060	355
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33050	32360	690
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34050	33360	690
DCH-32(107)	34mm	3.0 - 3.8	33	42415	42780	-365

Price Movement at Spot and Future Market:


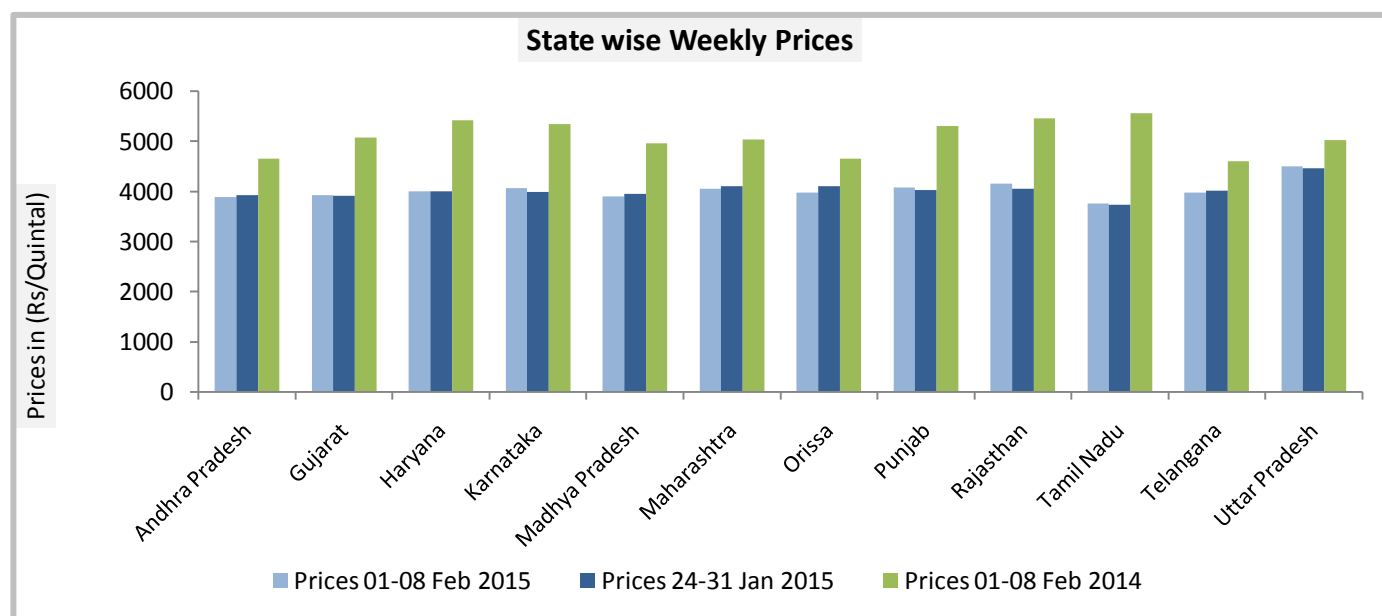
Cotton Arrivals at Key Centers:

Centre	Variety	Weekly Sum Arrivals (Qtl)		Change
		6th Feb 2015	30th Jan 2015	
Amravati	Mech-1	72300	68100	4200
Khandwa	Mech-1	1700	--	-
Khargaon	Mech-1	18000	--	-
Mahesana(Kadi)	B.T. Cotton	225000	81000	144000
Rajkot	B.T. Cotton	20250	16300	3950
Patan	B.T. Cotton	54080	44807	9273
Deesa	B.T. Cotton	5200	3300	1900
Fazilika	B.T. Cotton	950	2300	-1350
Muktsar	B.T. Cotton	1020	748	272
Bhiwani	B.T. Cotton	6000	4000	2000
Adampur	B.T. Cotton	1955	1445	510
Fatehabad	B.T. Cotton	3075	1875	1200
Dabwali	B.T. Cotton	1050	1375	-325
Jind	B.T. Cotton	1921	1080	841
Uchana	B.T. Cotton	10300	5000	5300
Rawatsar	B.T. Cotton	690	600	90
Hubli	B.T. Cotton	292	142	150
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	9900	5200	4700
Ahmedabad	Shankar-6	442425	187850	254575
Gondal	Shankar-6	11528	8640	2888
Hathras	Desi	50	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	14	142	-128
Raichur	H-44 Cotton	11264	34	11230
Guntur	Un-Ginned	6	4	2
Kurnool	Un-Ginned	156	1	155
Krishna	Un-Ginned	2	1	1
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	4590	3230	1360
Bhatinda	J-34	59500	46580	12920
Mansa	J-34	4760	2805	1955
Sirsa	J-34	4335	2890	1445
Sri-Ganganagar	J-34	20400	15300	5100

State wise Scenario

State wise Weekly Prices (Rs./Qtl.)

State	Prices 01-08 Feb 2015	Prices 24-31 Jan 2015	Prices 01-08 Feb 2014	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3879.98	3920.43	4642.18	-1.03	-16.42
Gujarat	3924.52	3906.75	5066.85	0.45	-22.55
Haryana	3995.8	3992.63	5414.9	0.08	-26.21
Karnataka	4064.23	3977.73	5335.2	2.17	-23.82
Madhya Pradesh	3895.29	3943.45	4951.96	-1.22	-21.34
Maharashtra	4050.43	4102.82	5029.15	-1.28	-19.46
Orissa	3969.43	4094.69	4643.82	-3.06	-14.52
Punjab	4069.56	4016.84	5296.16	1.31	-23.16
Rajasthan	4153.07	4041.11	5455.72	2.77	-23.88
Tamil Nadu	3748.67	3725.44	5557.84	0.62	-32.55
Telangana	3964.43	4012.41	4592.51	-1.2	-13.68
Uttar Pradesh	4491.98	4459.03	5016.36	0.74	-10.45
Average	4017.28	4016.11	5301.84		

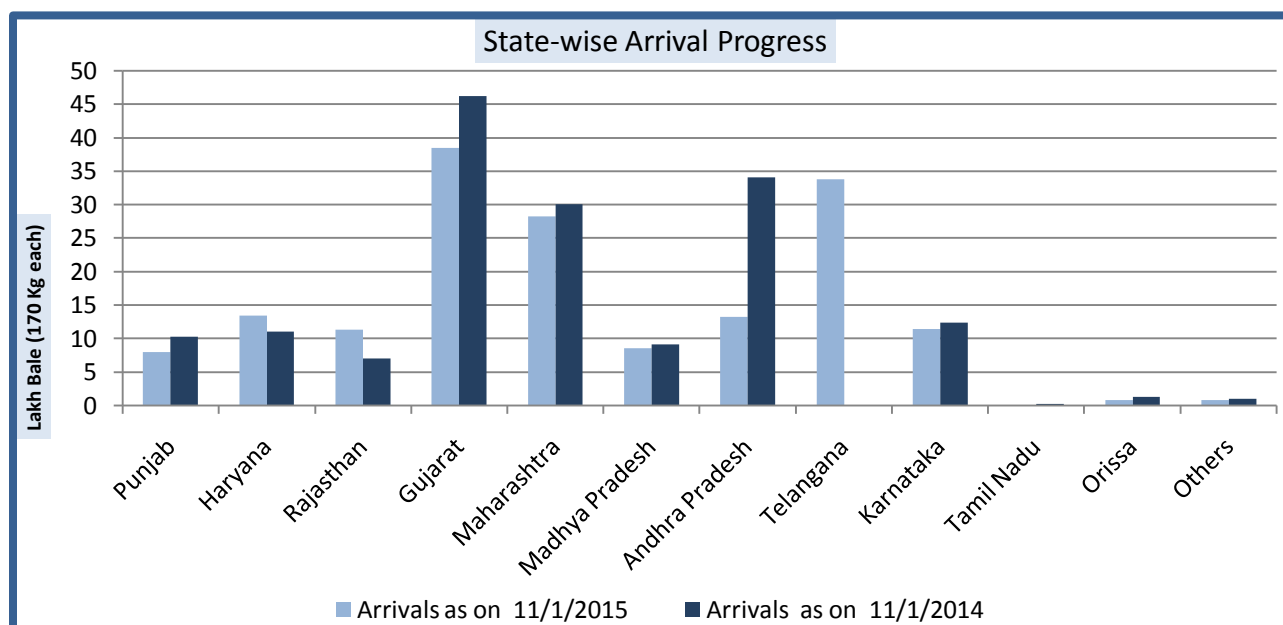


State wise Arrivals (in lakh bales of 170 kgs each):

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

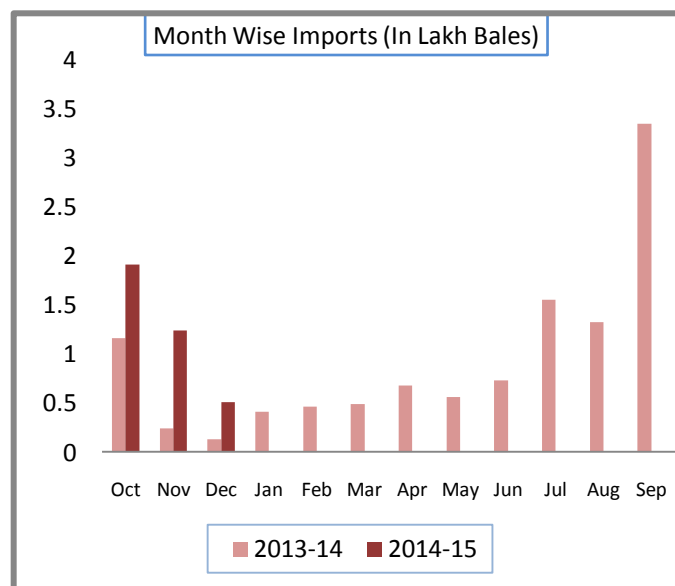
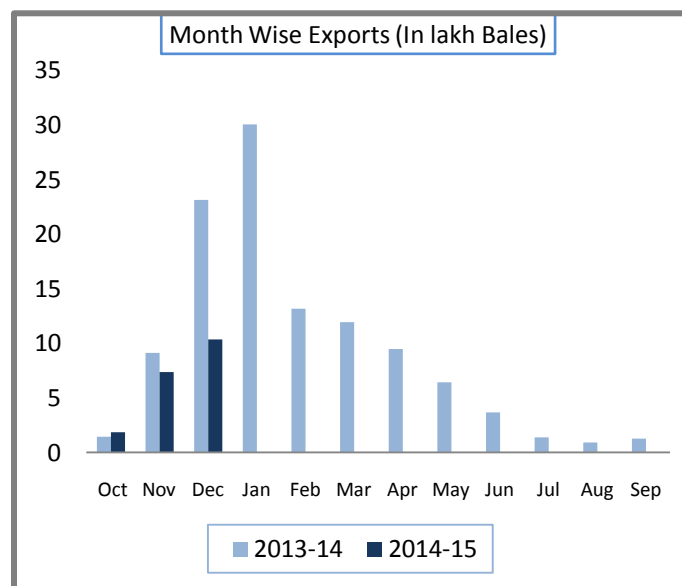
* Inclusive of new crop arrivals in September 2014
** Quantity in lakh bales (of 170 kgs. each)



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	26 Jan-01 Feb 2015	19-25 Jan 2014
Export (In lakh Bales)	1.23	1.24
Import (In lakh Bales)	0.05	0.13

Source: IBIS

International Market Scenario

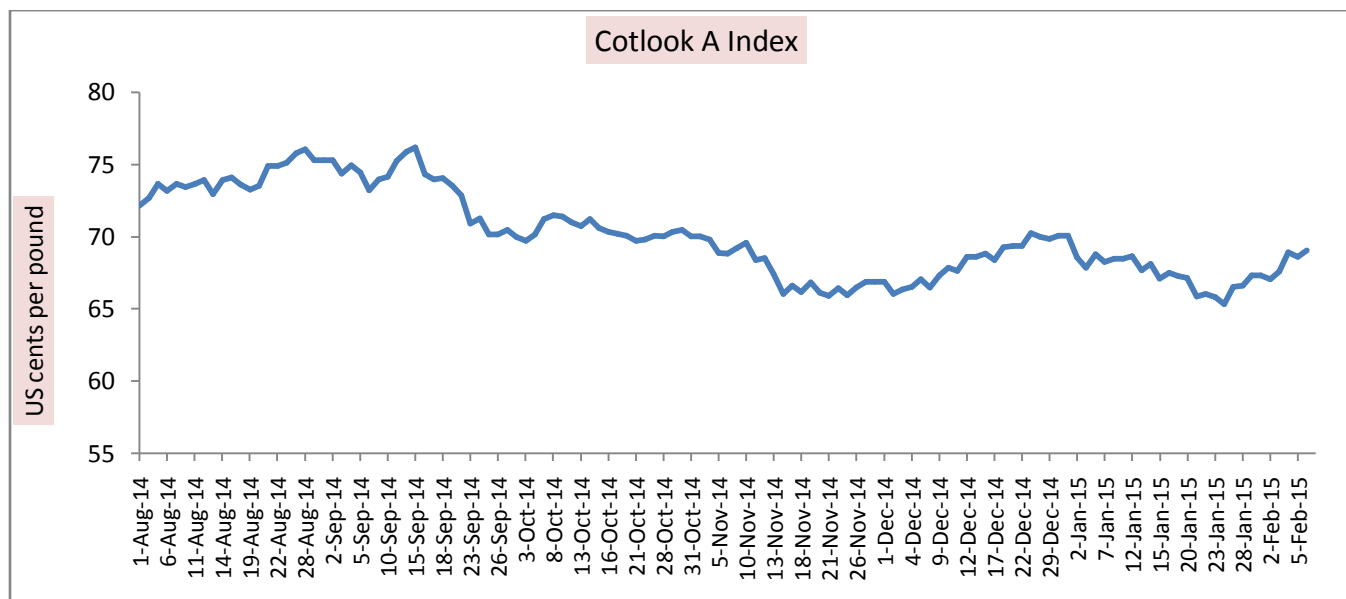
Pakistan Yarn Merchants Association (PYMA) demanded government to impose 15 per cent regulatory duty on cotton yarn imports from India as it is hurting the domestic market. According to PYMA cotton yarn imports during July to December 2014 has climbed fourfold of the imports during same period in 2013. 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.

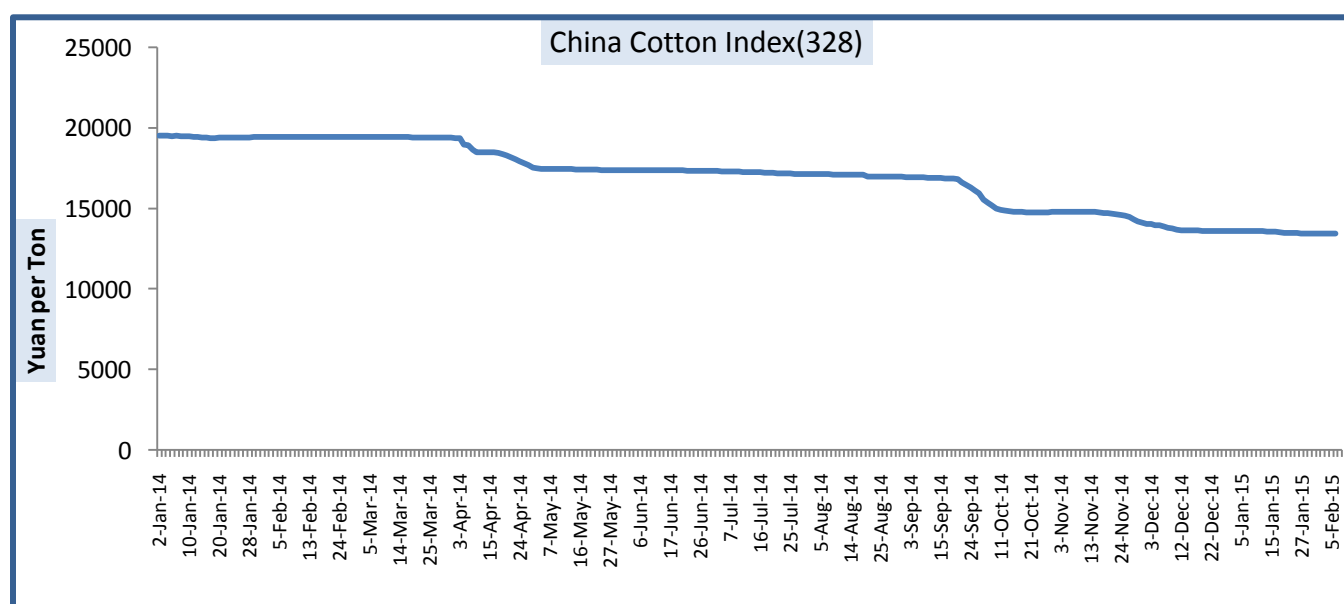


International Prices and Indices

China Cotton Index:

CC Indices	Weekly Average Price as on		% Change
	06-Feb-15	30-Jan-15	
CC Index(229)	14174	14170	0.03
CC Index(328)	13455	13458	-0.02
CC Index(527)	12448	12456	-0.06

Prices in Yuan per Ton



Cotlook A Index:

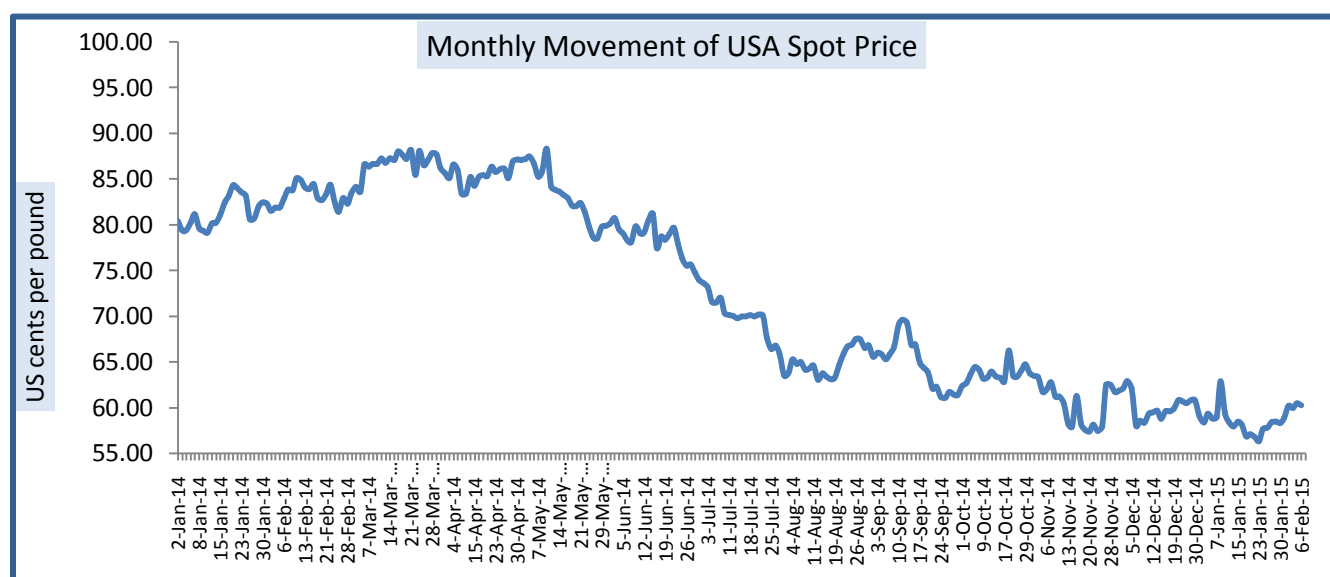
Cotlook A Index	Weekly Average Price as on		% Change
	06-Feb-15	30-Jan-15	
Prices	68.23	66.6	2.45

Prices in US cents per Pound

USA Spot Prices:

USA Spot Prices	Weekly Average Price as on		% Change
	06-Feb-15	30-Jan-15	
Prices	59.94	58.14	3.10

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	06-Feb-2015	Week Ago	Year Ago	%W-o-W change	%Y-o-Y change
Mar-15	61.59	60.20	77.71	2.31	-20.74
May-15	61.63	60.76		1.43	--
Jul-15	62.12	61.72		0.65	--
Oct-15	62.95	63.09		-0.22	--
Dec-15	63.2	64.40		-1.86	--
Mar-15	64.19	65.62		-2.18	--

Figures in US cents per pound

Cotton Futures

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



Weekly Technical Outlook:

- Candlesticks denote sideways movement in market.
- RSI is moving high 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	720-760

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
700	690	785	800

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	60.20-63.00

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
60.00	59.60	63.60	64.00

Figures in US cents per pound

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