Current Market Outlook

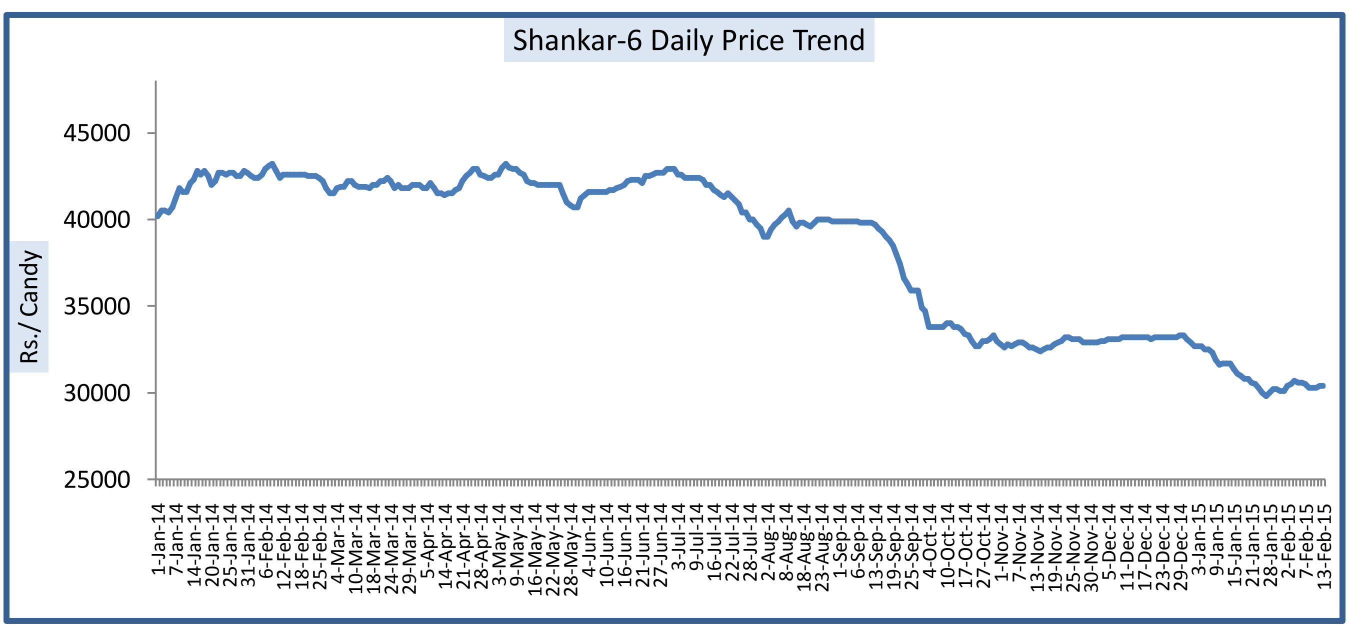
The Cotton Association of India (CAI) has revised the cotton output estimates for the season 2014-15 to 397 lakh bales which was earlier estimated at 400.25 lakh bales in December. The reason for the drop in the estimates is basically due to the expectation of fall in cotton output in Gujarat, Maharashtra and Madhya Pradesh.

Cotton exports from India could be lower than the levels expected at the commencement of the season. USDA estimates cotton export during the season 2014-15 to be around 0.914 (53.7 lakh bales of 170 kg each) million tones which was estimated 1.023 million tonnes in January this year. Cotton export is apparent to see fall of 54.5% considering the export of previous season which stood 2.015 (118 lakh bales of 170 kg each) million tonnes.

World cotton production is estimated slightly higher this month by USDA at 25.99 million tonnes compared to the estimates of previous month which was 25.94 million tonnes, although it is marginally lower than the output of previous season which was 26.22 million tonnes. The upward changes in the estimates is primarily due to the higher production prospects in Pakistan at 2.264 million tonnes projected this month which was earlier estimated 2.221 million tonnes a month ago.

Cotton Corporation of India is likely to face steepest loss in last six year from the cotton sales. Due to availability of massive stockpiles of cotton in domestic market and diminishing demand from China, cotton market is ruling all time low. CCI has procured around 6.5 million bales of cotton this season so far at MSP. According to the officials, CCI could suffer the loss of around 20-25 billion rupees (USD 322-402 million), based on the currently ruling prices of the fibre. This would be biggest loss since 2008/09.

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.



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.

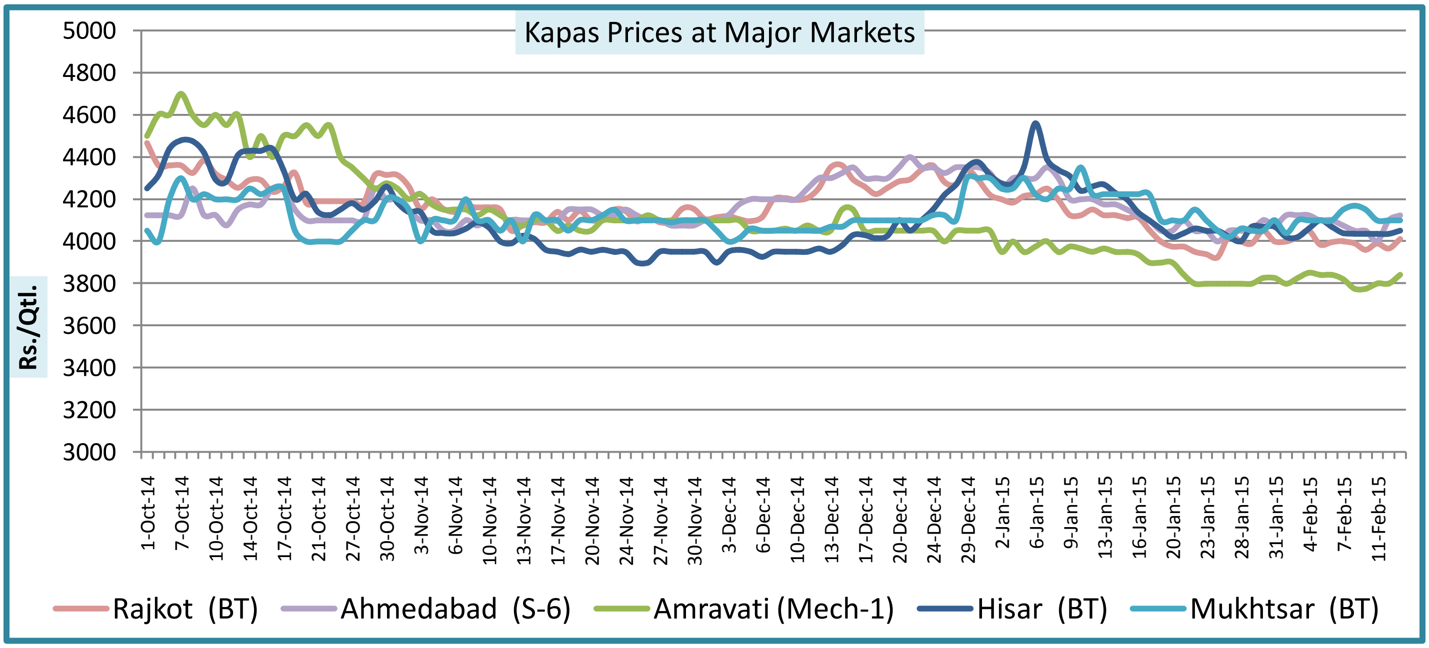
Cotton Prices and Arrivals

Cotton Prices at Key Spot Centers:

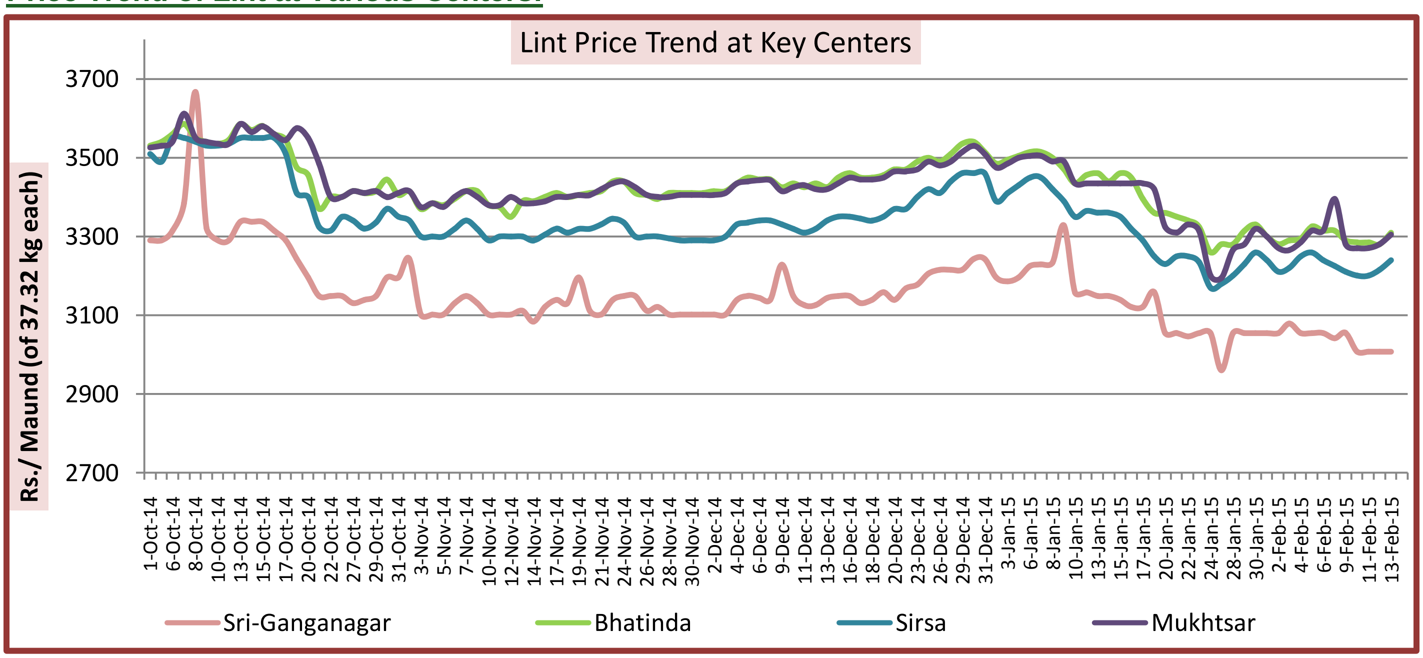
Centre	Variety	Weekly Average Prices as on		Change
		13th Feb 2015	6th Feb 2015	
	Kapas	**(Rs./Qtl)**		
Amravati	Mech-1	3815	3830	-15
Khandwa	Mech-1	4055	4050	5
Khargaon	Mech-1	4055	4050	5
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4155	4150	5
Rajkot	B.T. Cotton	3990	4010	-20
Patan	B.T. Cotton	4065	4105	-40
Deesa	B.T. Cotton	3940	3930	10
Muktsar	B.T. Cotton	4135	4085	50
Fazilika	B.T. Cotton	4150	4165	-15
Bhiwani	B.T. Cotton	4100	4120	-20
Adampur	B.T. Cotton	4045	4065	-20
Fatehabad	B.T. Cotton	4065	4095	-30
Dabwali	B.T. Cotton	3950	3985	-35
Jind	B.T. Cotton	4110	4170	-60
Uchana	B.T. Cotton	4040	4100	-60
Rawatsar	B.T. Cotton	3943	3995	-52
Hubli	B.T. Cotton	4055	4000	55
Hathras	B.T. Cotton	3450	4140	-690
Hanumangarh	B.T. Cotton	4025	4100	-75
	Kapas			
Ahmedabad	Shankar-6	4065	4110	-45
Gondal	Shankar-6	4005	4030	-25
	Kapas			
Hathras	Desi	3800	4600	-800
Bijapur	Bunny	NA	NA	NA
Hubli	D.C.H.	3910	4130	-220
Raichur	H-44 Cotton	4005	4030	-25
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4250	4040	210
Krishna	Un-Ginned	4040	4050	-10
East Godavari	Un-Ginned	4000	4000	Unch
	Lint	**(Rs./Maund of 37.32kg each)**		
Abohar	J-34	3290	3295	-5
Muktsar	J-34	3300	3285	15
Fazilika	J-34	3275	3300	-25
Bhatinda	J-34	3300	3300	Unch

Mansa	J-34	3280	3280	Unch
Sirsa	J-34	3220	3240	-20
Sri-Ganganagar	J-34	3025	3060	-35

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



Price Trend of Lint at Various Centers:

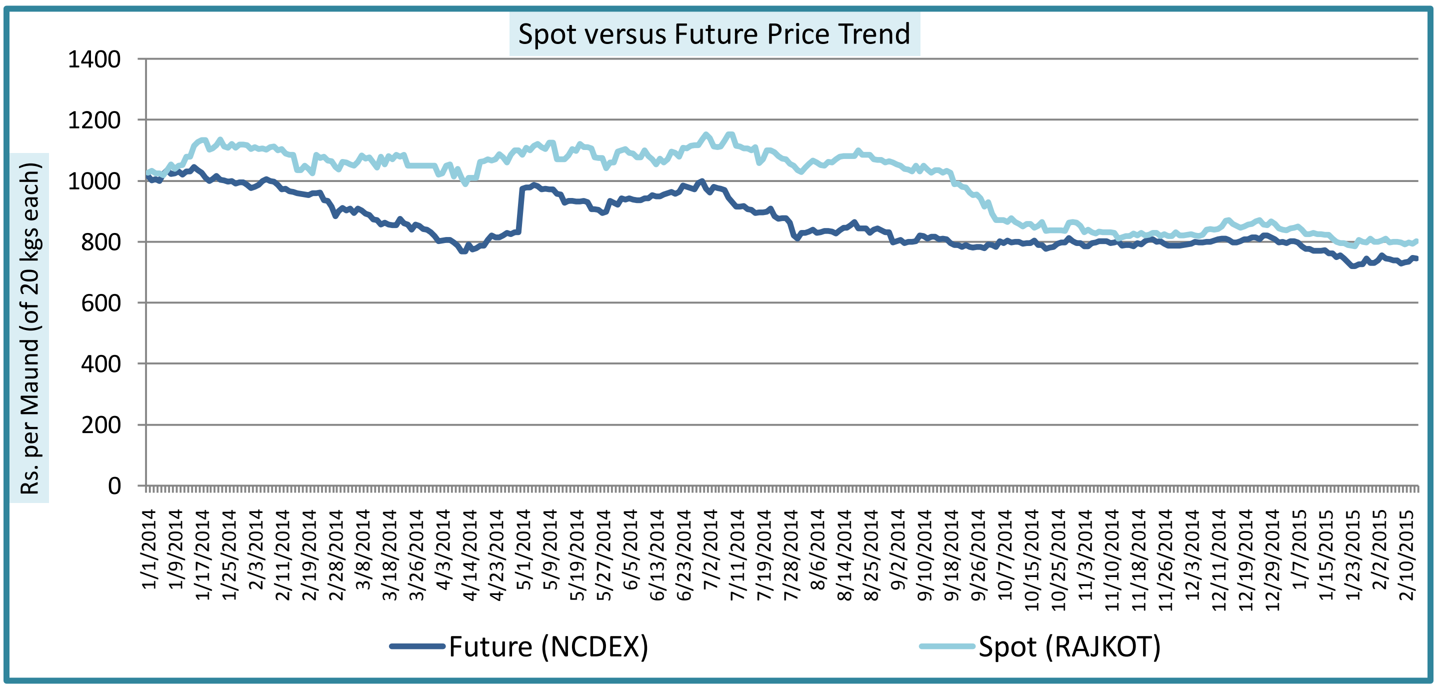


Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength / GPT	Weekly Average Prices* as on 13th Feb 2015	Weekly Average Prices* as on 5th Feb 2015	+/- Change
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	29650	29315	335
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	30150	29815	335
J-34(202)	26mm	3.5 - 4.9	23	29985	30285	-300
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	29650	29615	35
Shankar-6(105)	29mm	3.5 – 4.9	28	30365	30415	-50
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33185	33050	135
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34185	34050	135
DCH-32(107)	34mm	3.0 - 3.8	33	42435	42415	20

Rs/candy (of 356 kg each)

Price Movement at Spot and Future Market:



Cotton Arrivals at Key Centers:

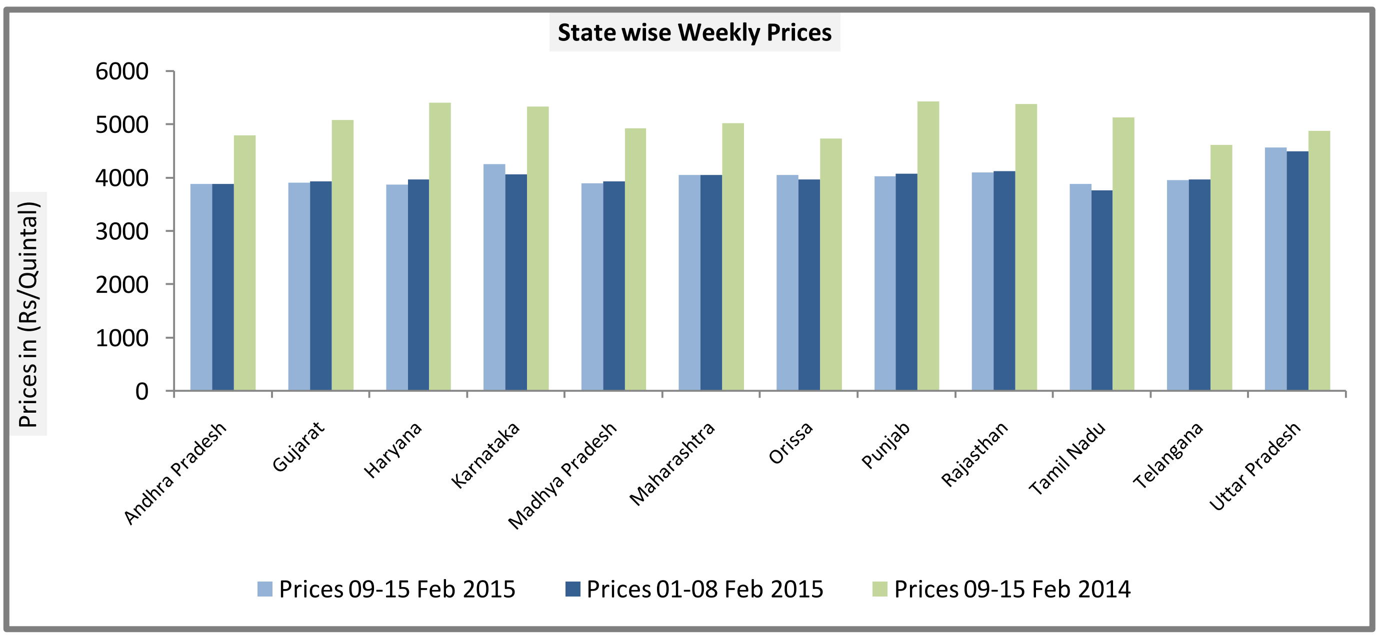
Centre	Variety	Weekly Sum Arrivals (Qtl)		Change
		14th Feb 2015	6th Feb 2015	
Amravati	Mech-1	69300	72300	-3000
Khandwa	Mech-1	3900	1700	2200
Khargaon	Mech-1	34000	18000	16000
Mahesana(Kadi)	B.T. Cotton	230000	225000	5000
Rajkot	B.T. Cotton	18350	20250	-1900
Patan	B.T. Cotton	57268	54080	3188
Deesa	B.T. Cotton	8475	5200	3275
Fazilika	B.T. Cotton	1800	950	850
Muktsar	B.T. Cotton	2210	1020	1190
Bhiwani	B.T. Cotton	6900	6000	900
Adampur	B.T. Cotton	2210	1955	255
Fatehabad	B.T. Cotton	6650	3075	3575
Dabwali	B.T. Cotton	2675	1050	1625
Jind	B.T. Cotton	5780	1921	3859
Uchana	B.T. Cotton	10600	10300	300
Rawatsar	B.T. Cotton	560	690	-130
Hubli	B.T. Cotton	489	292	197
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	14000	9900	4100
Ahmedabad	Shankar-6	476000	442425	33575
Gondal	Shankar-6	6202	11528	-5326
Hathras	Desi	NA	50	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	12	14	-2
Raichur	H-44 Cotton	10521	11264	-743
Guntur	Un-Ginned	7	6	1
Kurnool	Un-Ginned	31	156	-125
Krishna	Un-Ginned	1	2	-1
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	5270	4590	680
Bhatinda	J-34	136000	59500	76500
Mansa	J-34	8330	4760	3570
Sirsa	J-34	6970	4335	2635
Sri-Ganganagar	J-34	12750	20400	-7650

State wise Scenario

State wise Weekly Prices (Rs./Qtl.)

State	Prices 09-15 Feb 2015	Prices 01-08 Feb 2015	Prices 09-15 Feb 2014	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3878.96	3879.53	4789.84	-0.01	-19.02
Gujarat	3905.4	3925.8	5076.73	-0.52	-23.07
Haryana	3869.69	3966.93	5402.86	-2.45	-28.38
Karnataka	4254.82	4061.76	5324.36	4.75	-20.09
Madhya Pradesh	3894.65	3927.83	4926.76	-0.84	-20.95
Maharashtra	4050	4050.32	5014.02	-0.01	-19.23
Orissa	4047.13	3969.43	4729.88	1.96	-14.43
Punjab	4024.02	4071.75	5425.82	-1.17	-25.84
Rajasthan	4092.73	4115.54	5377.92	-0.55	-23.9
Tamil Nadu	3874.69	3762.33	5126.82	2.99	-24.42
Telangana	3947.43	3964.75	4611.45	-0.44	-14.4
Uttar Pradesh	4567.37	4491.98	4871.25	1.68	-6.24
Average	4312.07	4015.66	5150.79		

**Source: Agmarknet*



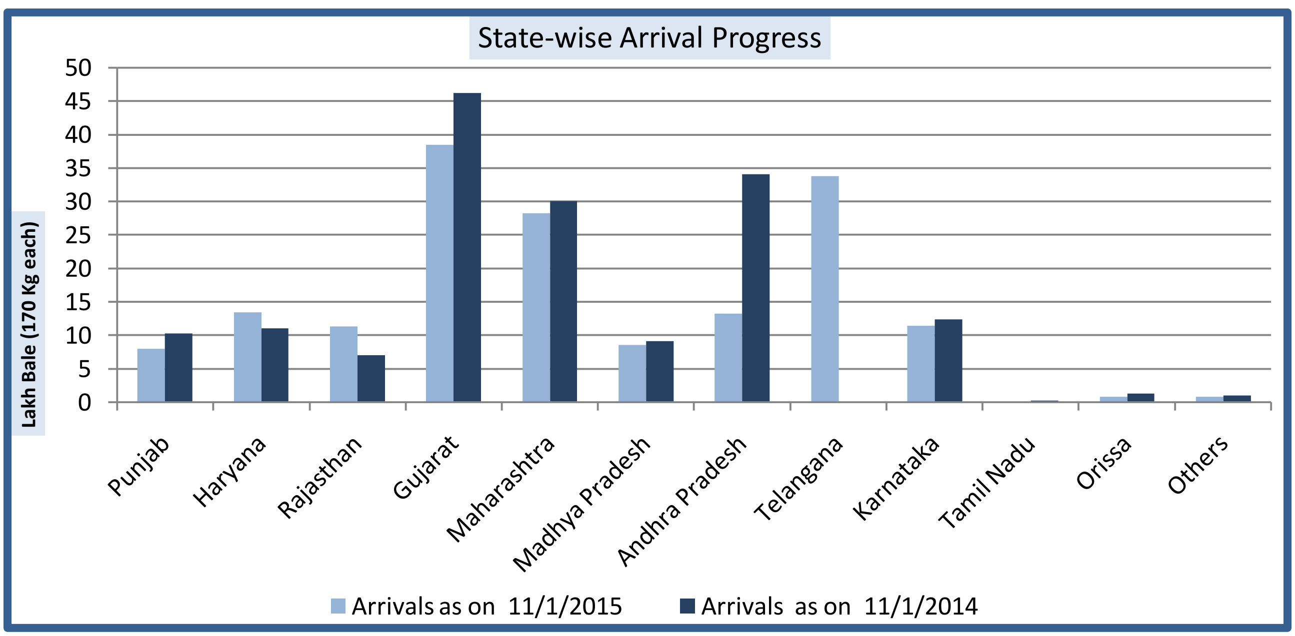
State wise Arrivals (in lakh bales of 170 kgs each):

Table given below showing cotton production and estimated arrivals during 2014-15 **s**eason 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

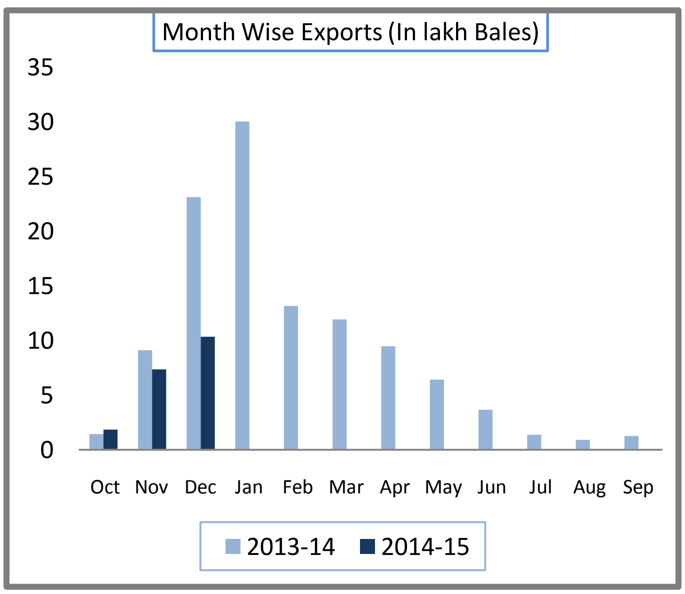
** Quantity in lakh bales (of 170 kgs. each)

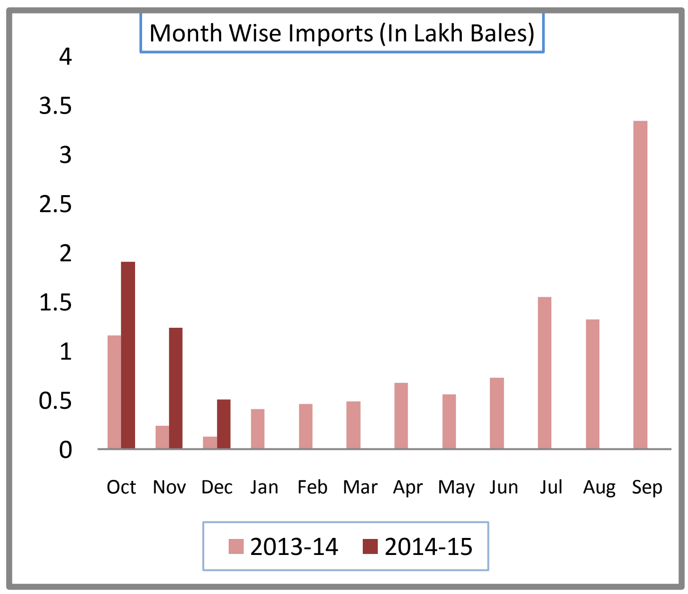


Cotton Export and Import

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	02 Feb-08 Feb 2015	26 Jan-01 Feb 2015
Export (In lakh Bales)	1.37	1.23
Import (In lakh Bales)	0.19	0.05
		Source: IBIS

International Market Scenario

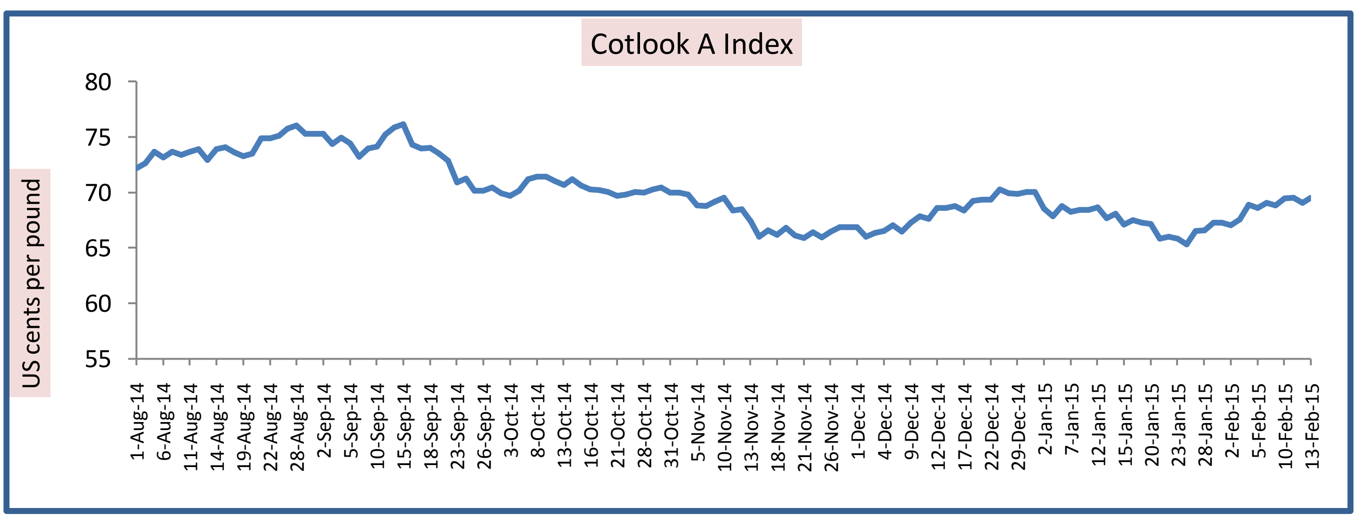
According to USDA, cotton import on the global front would stand around 7.446 million tonnes this season slightly higher of 7.401 million tonnnes what was estimated previous month. Although cotton exports estimates are a little higher this month; the same is still lower the actual export of cotton in previous season which was around 8.836 million tonnes. The expectation of higher import of cotton from china has lifted the projections this month.

As per the latest estimates of USDA, cotton export the global front would stand around 7.455 million tonnes this season slightly higher of 7.401 million tonnnes what was estimated previous month. Although cotton exports estimates are a little higher this month, the same is still lower the actual export of cotton in previous season which was around 8.868 million tonnes. The cause of the upward changes in the monthly estimates is higher export expected from USA.

United States cotton export is likely to be marginally higher this season compared to the previous season, said USDA. USA is expected to export 2.33 million tonnes of cotton this year compared to the 2.29 million tonnes previous year. Although in previous month estimates the country was expected to export 2.177 million tonnes during season 2014-15, but the expectation of slight increase in the china cotton import has lifted the USA export projections simultaneously.

China cotton imports projection has been rose up slightly this month by USDA what was estimated previous month. According to USDA, China is likely to import 1.589 million tonnes of cotton this season around 4.27 percent higher which was projected to be around 1.524 million tonnes previous month. This season China is about to cut cotton imports by around 48.3% compared to the imports of previous season when the same was 3.075 million tonnes.

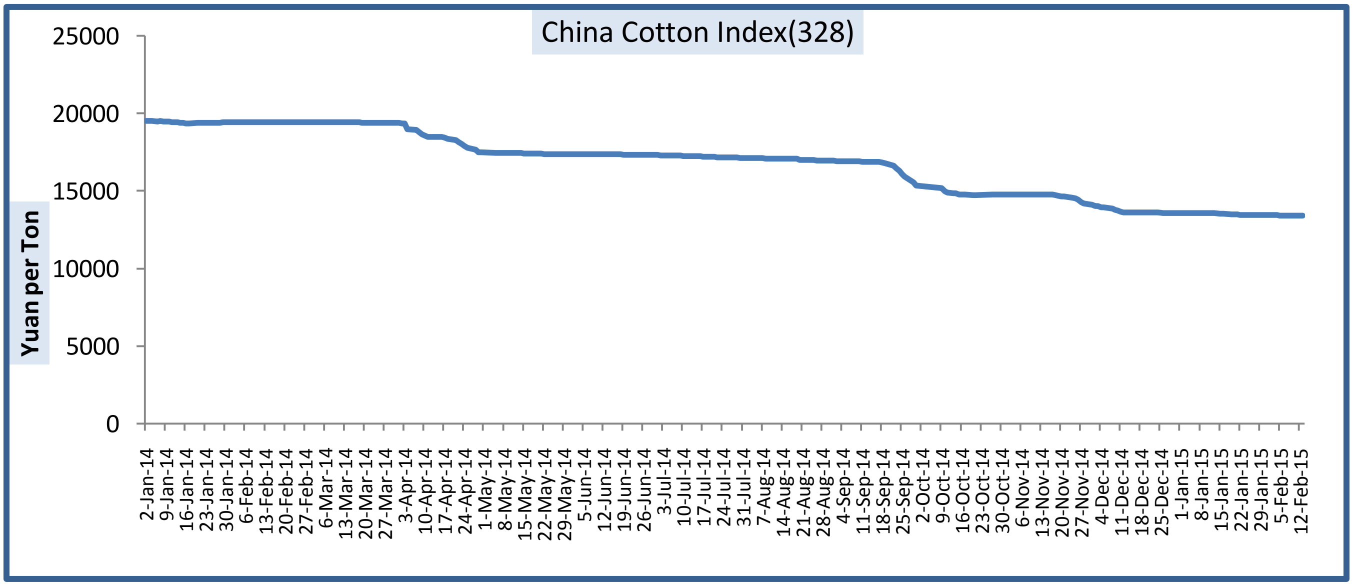
Cotton growers in USA intend to devote 9.4 million acres of land for cotton this spring, 14.6 percent lower when compared to previous year, according to 32nd Annual Early Season Planting Intentions Survey by National Cotton Council. Share of upland cotton in the acreage would be around 9.2 million acre, around 15.2% lower when compared to the previous year and 236000 acres would be dedicated for extra long staple (ELS) which is 22.8 percent higher compared to the year 2014.



International Prices and Indices

China Cotton Index:

CC Indices	Weekly Average Price as on		% Change
	13-Feb-15	06-Feb-15	
CC Index(229)	14162	14174	-0.08
CC Index(328)	13438	13455	-0.13
CC Index(527)	12437	12448	-0.09
Prices in Yuan per Ton			

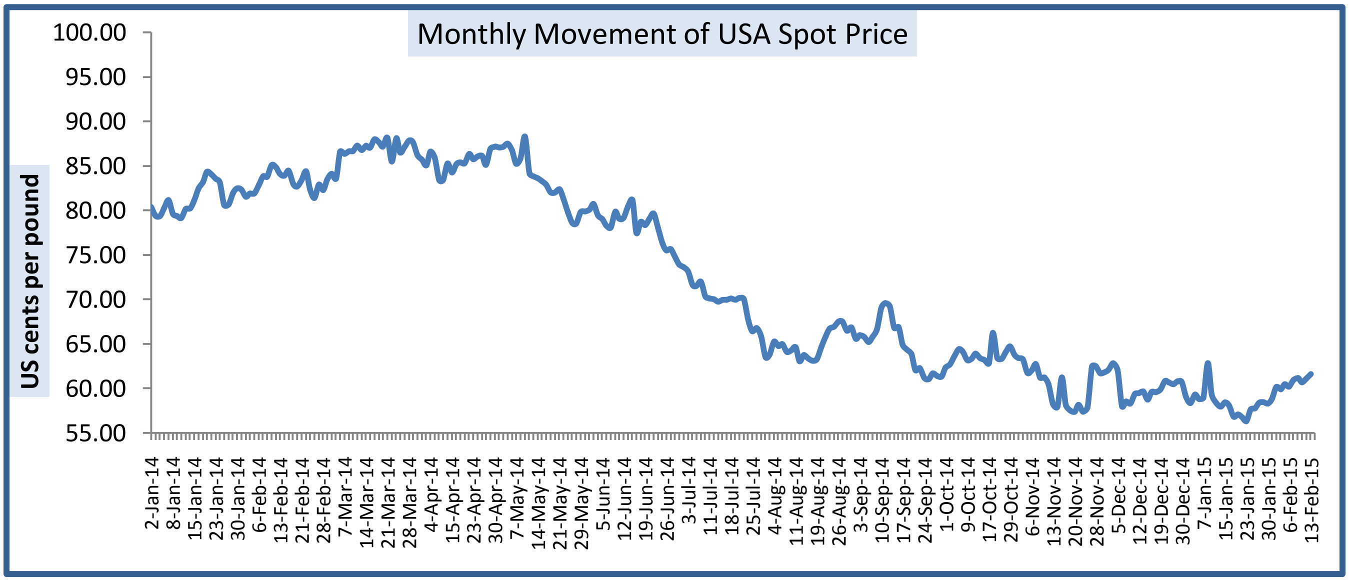


Cotlook A Index:

Cotlook A Index	Weekly Average Price as on		% Change
	13-Feb-15	06-Feb-15	
Prices	69.29	68.23	1.55
Prices in US cents per Pound			

USA Spot Prices:

USA Spot Prices	Weekly Average Price as on		% Change
	13-Feb-15	06-Feb-15	
Prices	61.13	59.94	1.99
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	13-Feb-2015	Week Ago	Year Ago	%W-o-W change	%Y-o-Y change
Mar-15	62.7	61.59	78.61	1.80	-20.24
May-15	63.32	61.63		2.74	
Jul-15	63.52	62.12		2.25	
Oct-15	63.87	62.95		1.46	
Dec-15	64.07	63.2		1.38	
Mar-15	64.52	64.19		0.51	

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 in the prices.
- RSI is moving high in neutral region.
- MACD is depicting correction in centerline and signal line movement.
- We expect cotton prices to remain firm.

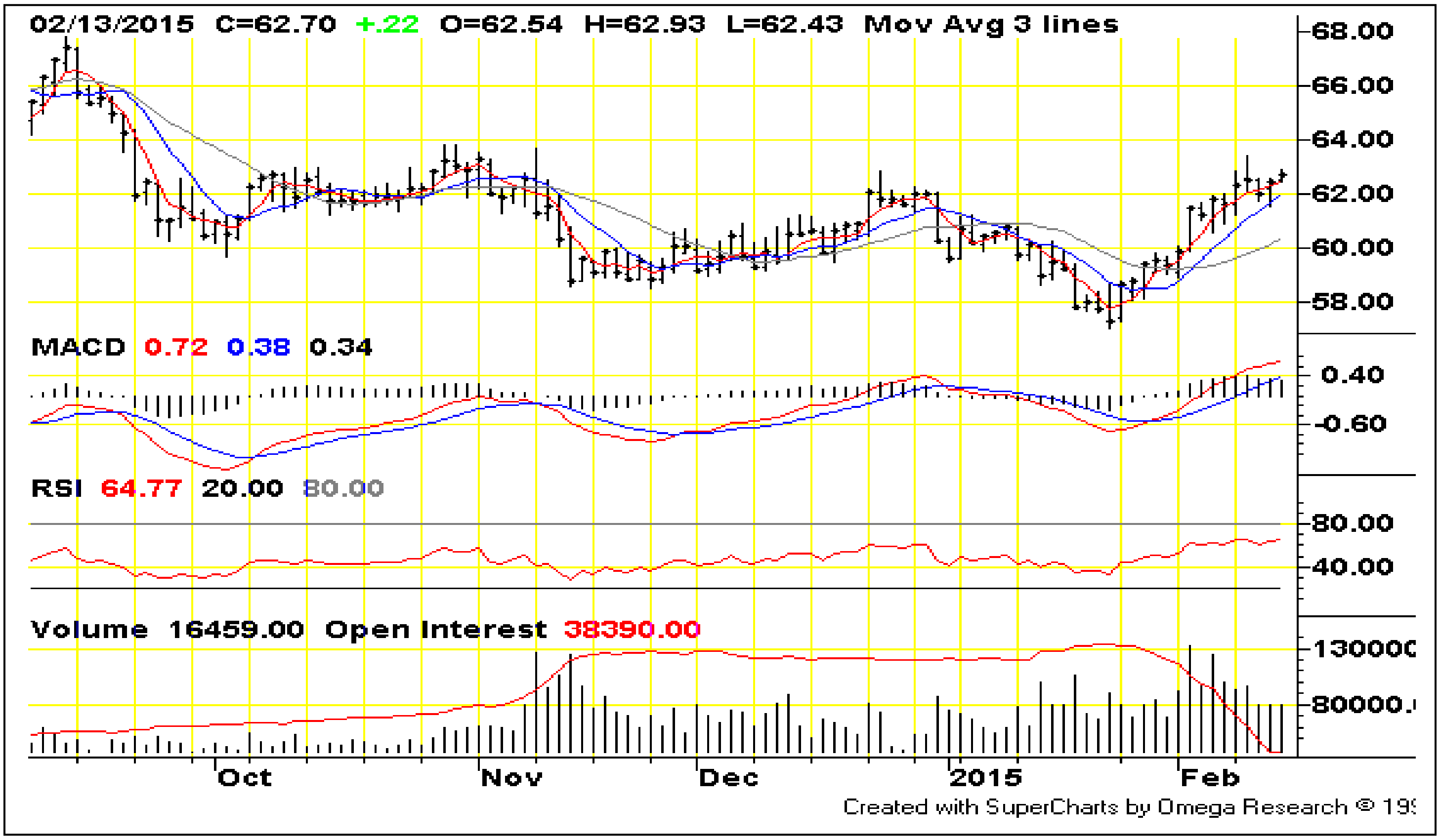
Expected Price Range During Coming Week.

Expected Trend	Expected Trading Band
Bullish Momentum	730-765

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.
- MACD moving in positive territory indicates upward trend
- RSI is moving high towards overbought region.
- We expect prices to remain firm in coming days.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Bullish Momentum	61.80-64.60

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
60.00	59.60	65.00	66.20
Figures in US cents per pound			