

Current Market Outlook

Cotton prices remained firm this week compared to the previous week. Average price of Kapas at Rajkot during the week was Rs. 4035 per quintal, which stood Rs 4025 previous week.

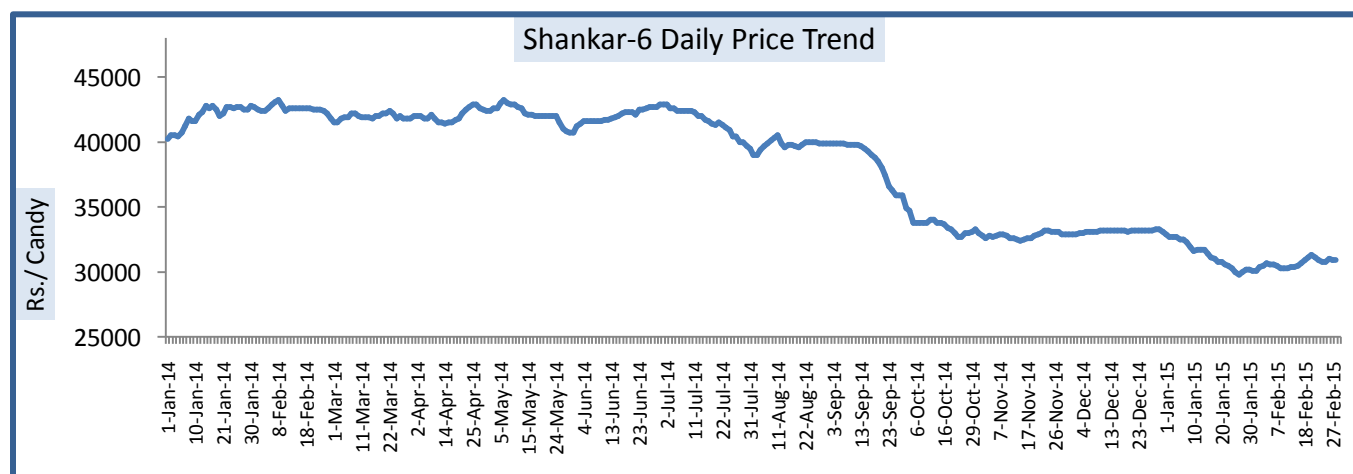
Cotton production in India could fall by 4.28 percent in the next season to 6.48 million tons compared to 6.77 million tons in the current season, said International Cotton Advisory Committee (ICAC).

Despite the lower output, cotton export from India is expected to rise in 2015-16. According to ICAC, cotton exports from India in 2015-16 would be around 1.41 million tons around 30.56% higher when compared to the export of current season which would be around 1.08 million tons. The causes of this significant change in Indian cotton exports are basically the fall in cotton production in China and the world, higher import demand from China and lower world ending stocks.

India Rating and Research (Ind-Ra) has downwardly revised the cotton outlook for MY 2015-16. According to Ind-Ra domestic prices in 2015-16 would remain under pressure following the fall in domestic yarn production, unlikely recovery in cotton export and falling of domestic prices below the minimum support prices (MSP). Ind-Ra added that revised cotton reserve policy of China will increase the cotton sales from the country stocks and hence import in China will fall to half in 2015-16. Cotton price (benchmark Shankar-6) will trade between Rs 40-45 per kg and lint will be in the range of Rs 85-100 per kg in the next season. Also, the stock to use ratio would be 12 percent in MY 2015-16 compared to 12.2 percent in the 2014-15.

India exported 1.89 lakh bales of cotton last week (06-22 Feb 2015), which was 1.29 lakh previous week (09-15 Feb 2015), according to the data compiled by IBIS. Imports on the other hand stood 0.21 lakh bales last week, which was same i.e. 0.21 lakh bales previous to last week.

Department of Agriculture & Cooperation (DAC) has raised the cotton production estimates for the season 2014-15 in its second advance estimates. DAC projected cotton production in the country to stand around 351.52 lakh bales which was earlier earlier estimated 346.2 lakh bales in the first advance estimates against the target of 350 lakh bales. According to DAC cotton production during the last season i.e. 2013-14 was around 365.90 lakh bales.



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 Crop Prospects for Season 2015-16:

Acreage of cotton in India in the coming season is likely to drop by 5% to 11.6 million hectares due to the drastically falling cotton prices in the country, said ICAC. Cotton price during January at Rajkot remained 24% lower this year when compared to the previous year during the corresponding period. Production of cotton in India, following the lower acreage would be around 6.48 million tonnes in season 2015-16 compared to production of 6.77 million tonnes this season, according to ICAC.

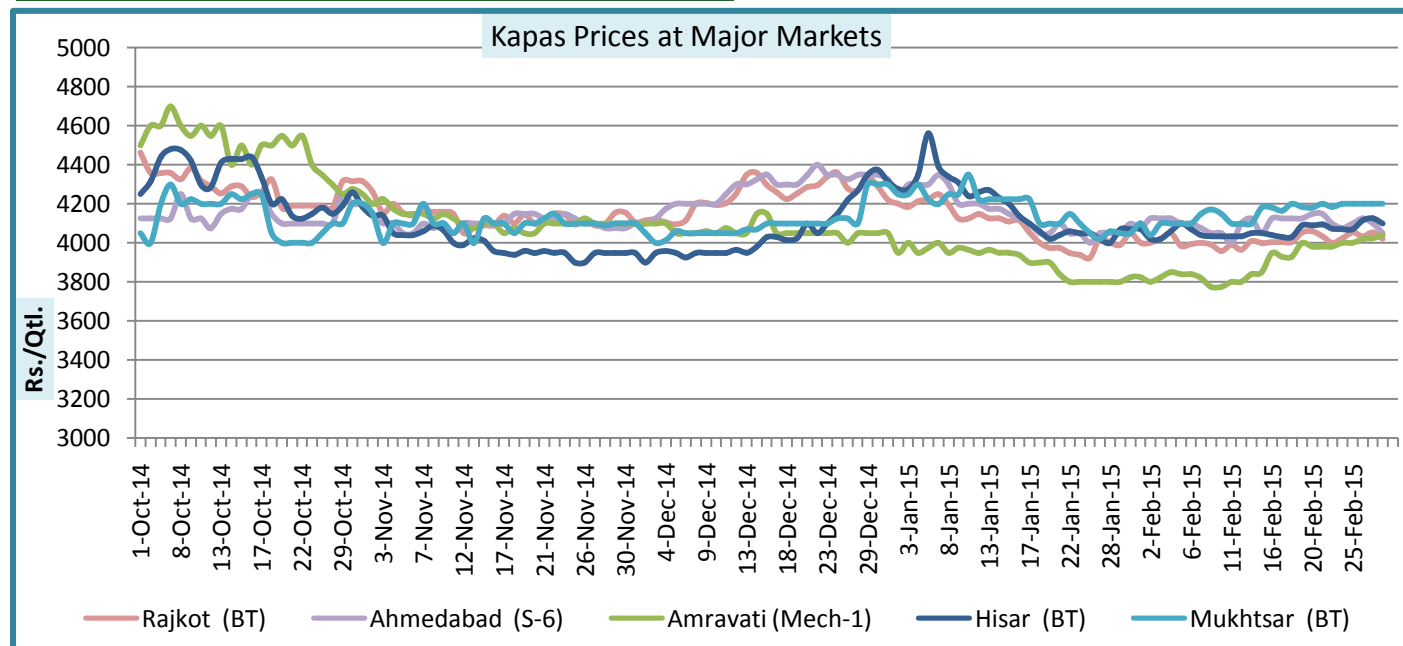
Domestic Cotton Prices

Cotton Prices at Key Spot Centers:

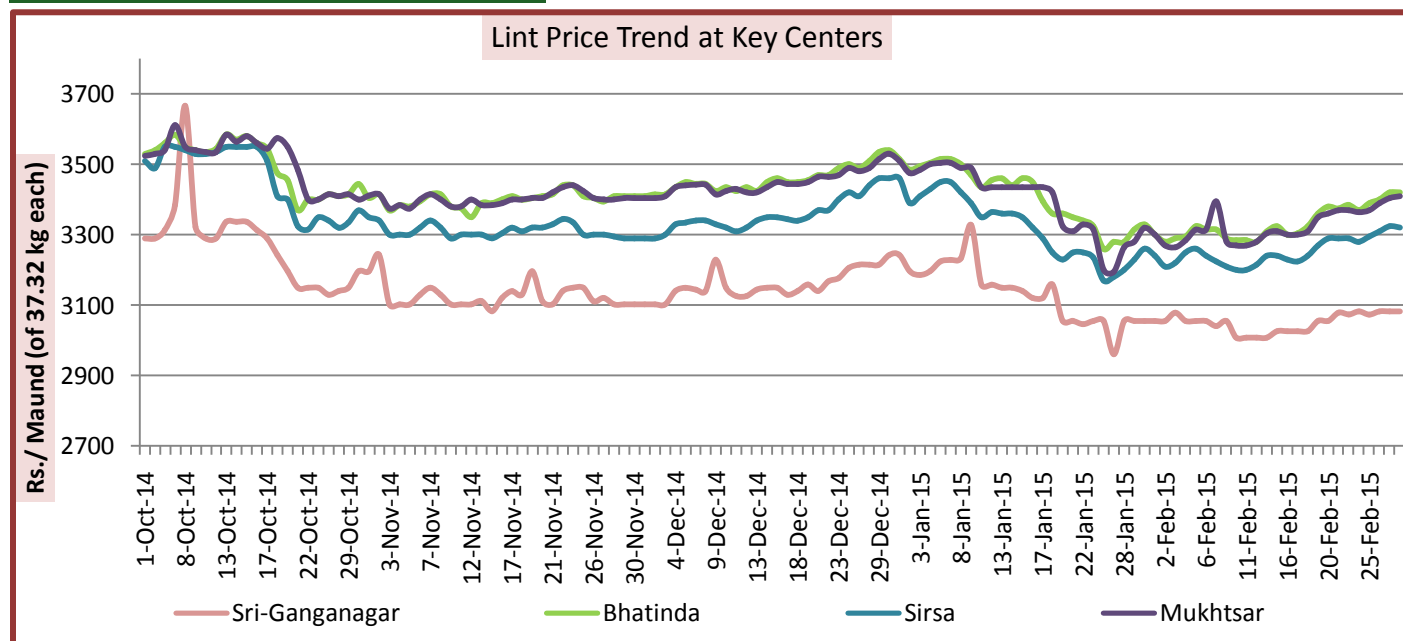
Centre	Variety	Weekly Average Prices as on		Change
		27th Feb 2015	20th Feb 2015	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4000	3940	59
Khandwa	Mech-1	4050	NA	-
Khargaon	Mech-1	4050	NA	-
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4195	4210	-12
Rajkot	B.T. Cotton	4035	4025	9
Patan	B.T. Cotton	4100	4110	-11
Deesa	B.T. Cotton	3945	3930	15
Muktsar	B.T. Cotton	4200	4180	17
Fazilika	B.T. Cotton	4255	4205	51
Bhiwani	B.T. Cotton	4145	4110	37
Adampur	B.T. Cotton	4090	4055	36
Fatehabad	B.T. Cotton	4090	4080	13
Dabwali	B.T. Cotton	3400	3995	-595
Jind	B.T. Cotton	4190	4145	47
Uchana	B.T. Cotton	4105	4100	8
Rawatsar	B.T. Cotton	4070	4045	22
Hubli	B.T. Cotton	4040	4050	-11
Hathras	B.T. Cotton	3000	3300	-300
Hanumangarh	B.T. Cotton	4160	4065	94
	Kapas			
Ahmedabad	Shankar-6	4110	4115	-7
Gondal	Shankar-6	4010	4035	-24
	Kapas			
Hathras	Desi	3650	3700	-50
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	3925	-
Raichur	H-44 Cotton	4045	NA	-
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4250	4250	Unch
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	3955	4000	-44
	Lint	(Rs./Maund of 37.32kg each)		
Abohar	J-34	3380	3325	53
Muktsar	J-34	3380	3320	56
Fazilika	J-34	4255	3320	935
Bhatinda	J-34	3390	3335	57
Mansa	J-34	3370	3320	53

Sirsa	J-34	3300	3250	49
Sri-Ganganagar	J-34	3080	3045	33

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

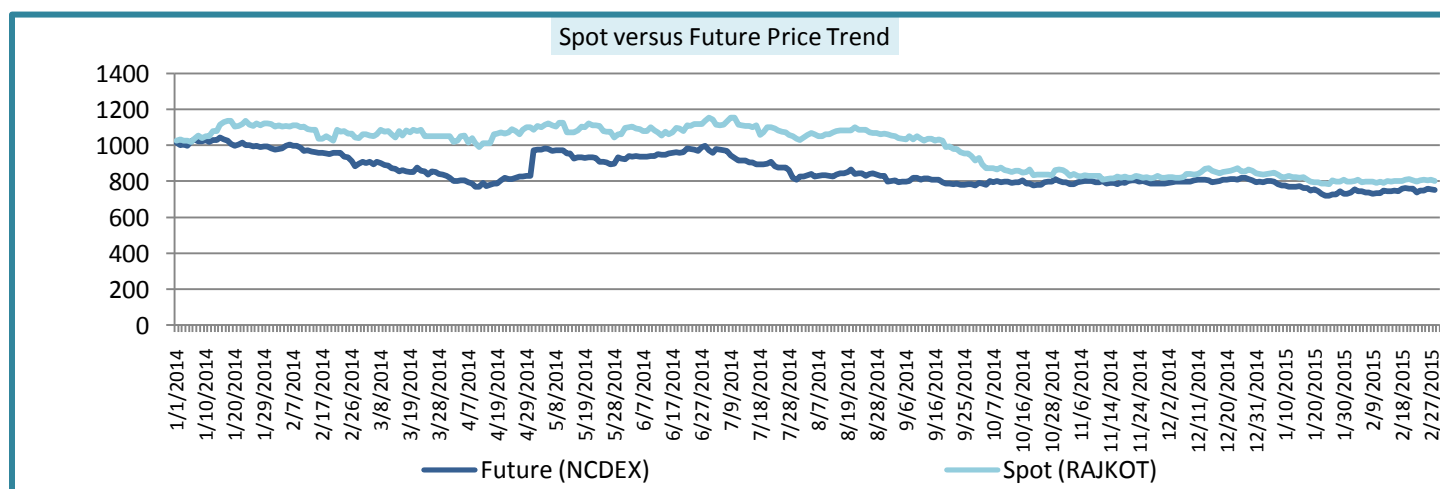
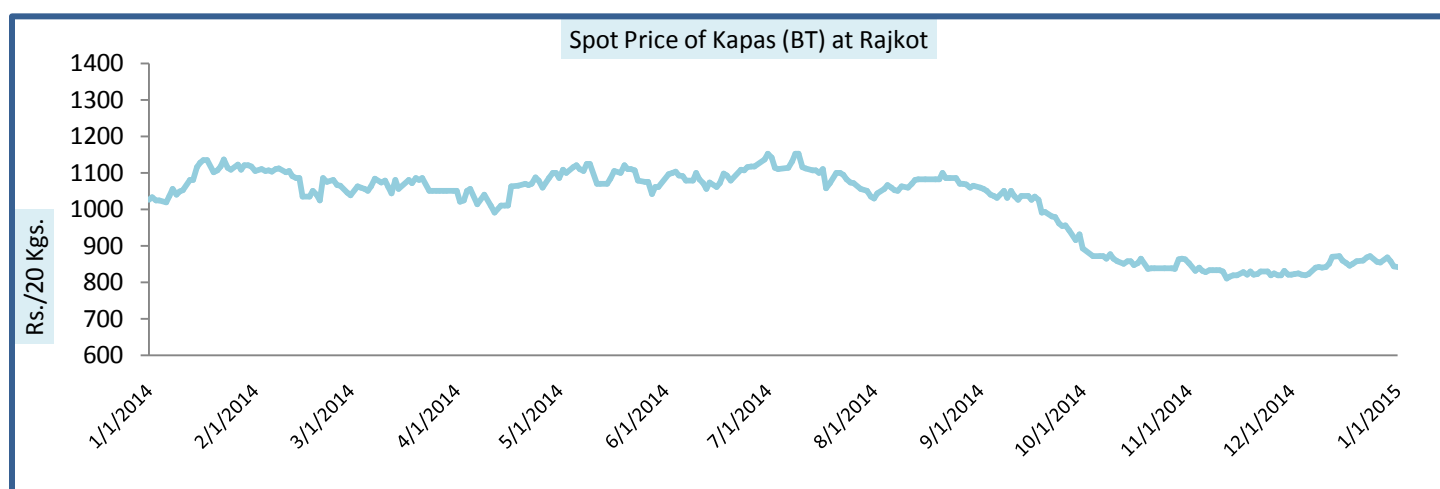


Price Trend of Lint at Various Centers:



Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength / GPT	Weekly Average Prices* as on		+/- Change
				27th Feb 2015	20th Feb 2015	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	29820	29800	20
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	30320	30300	20
J-34(202)	26mm	3.5 - 4.9	23	30840	30425	415
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	30220	30100	120
Shankar-6(105)	29mm	3.5 - 4.9	28	30920	30800	120
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33220	33400	-180
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34220	34400	-180
DCH-32(107)	34mm	3.0 - 3.8	33	40420	42000	-1580

**Rs/candy (of 356 kg each)*
Price Movement at Spot and Future Market:


Cotton Arrivals at Key Centers:

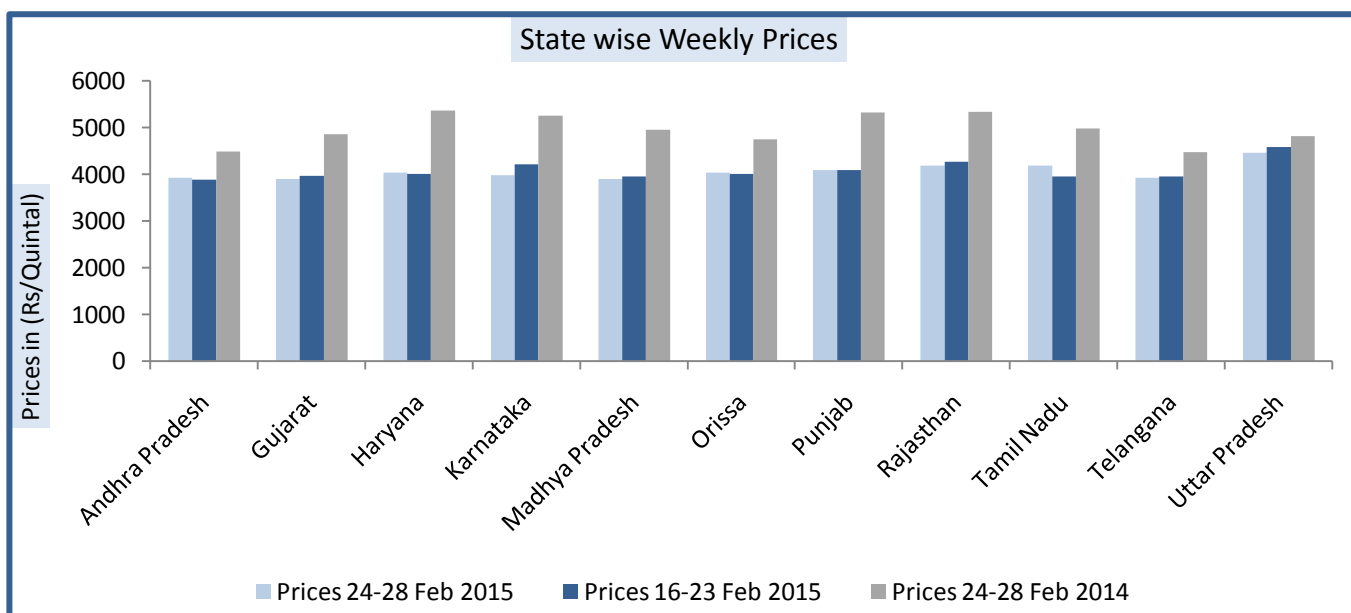
Centre	Variety	Weekly Sum Arrivals (Qtl)		Change
		27th Feb 2015	20th Feb 2015	
Amravati	Mech-1	29900	37000	-7100
Khandwa	Mech-1	7600	NA	-
Khargaon	Mech-1	34000	NA	-
Mahesana(Kadi)	B.T. Cotton	245000	225000	20000
Rajkot	B.T. Cotton	14740	15150	-410
Patan	B.T. Cotton	31775	41570	-9795
Deesa	B.T. Cotton	5375	6325	-950
Fazilika	B.T. Cotton	1450	1650	-200
Muktsar	B.T. Cotton	978	1190	-212
Bhiwani	B.T. Cotton	8000	8551	-551
Adampur	B.T. Cotton	3315	3485	-170
Fatehabad	B.T. Cotton	4300	5650	-1350
Dabwali	B.T. Cotton	2100	2500	-400
Jind	B.T. Cotton	1105	1887	-782
Uchana	B.T. Cotton	4600	9000	-4400
Rawatsar	B.T. Cotton	185	200	-15
Hubli	B.T. Cotton	386	198	188
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	6000	9500	-3500
Ahmedabad	Shankar-6	374000	365500	8500
Gondal	Shankar-6	7891	6330	1561
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	10	-
Raichur	H-44 Cotton	16102	NA	-
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	35.6	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	3230	3995	-765
Bhatinda	J-34	90950	107950	-17000
Mansa	J-34	5610	4675	935
Sirsa	J-34	6630	7310	-680
Sri-Ganganagar	J-34	9010	5100	3910

State wise Scenario

State wise Weekly Prices (Rs./Qtl.)

State	Prices 24-28 Feb 2015	Prices 16-23 Feb 2015	Prices 24-28 Feb 2014	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3917.86	3880.28	4481.9	0.97	-12.58
Gujarat	3895.2	3953.08	4850.55	-1.46	-19.7
Haryana	4024.04	3997.09	5361.23	0.67	-24.94
Karnataka	3966.84	4206.34	5243.33	-5.69	-24.35
Madhya Pradesh	3893.6	3944.66	4949.6	-1.29	-21.34
Orissa	4024.78	4004.04	4742.69	0.52	-15.14
Punjab	4087.65	4079.33	5318.2	0.2	-23.14
Rajasthan	4176.19	4265.35	5322.09	-2.09	-21.53
Tamil Nadu	4178.59	3939.14	4971.91	6.08	-15.96
Telangana	3916.47	3943.03	4461.38	-0.67	-12.21
Uttar Pradesh	4450	4577.55	4805.33	-2.79	-7.39
Average	4048.29	4190.82	5002.82		

**Source: Agmarknet*

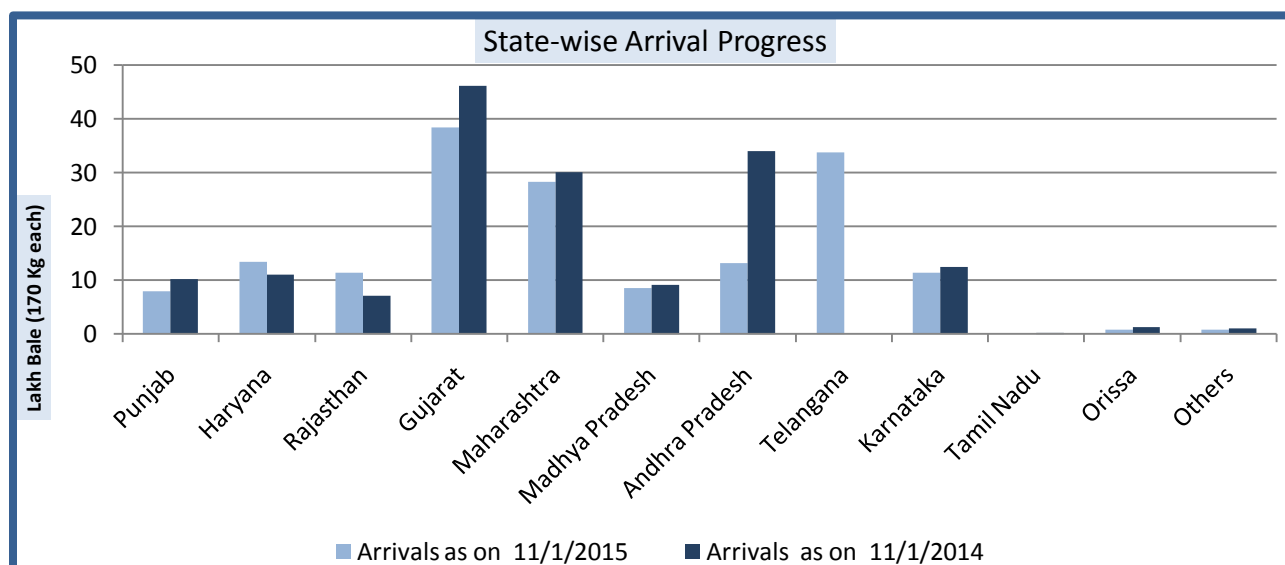


State wise Arrivals (in lakh bales of 170 kgs each):

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

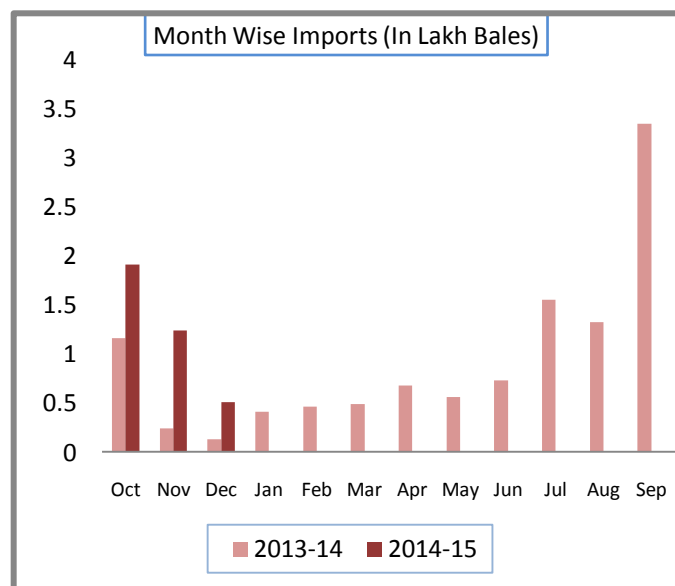
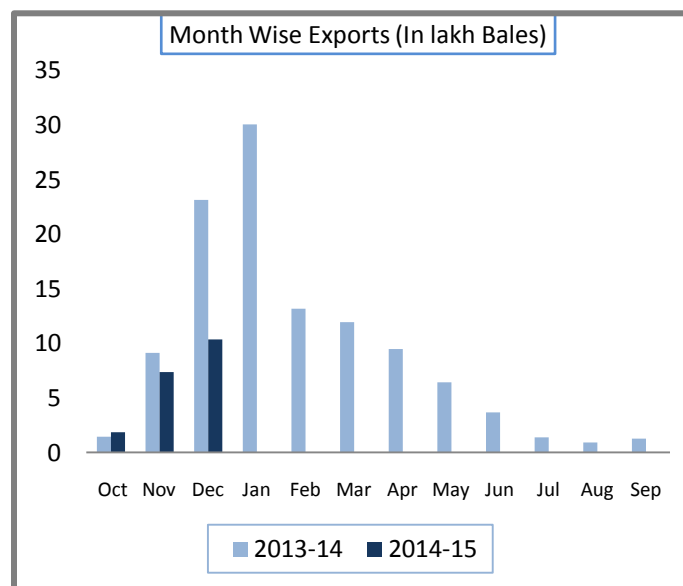
* Inclusive of new crop arrivals in September 2014
** Quantity in lakh bales (of 170 kgs. each)



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	16-22 Feb 2015	09-15 Feb 2015
Export (In lakh Bales)	1.89	1.29
Import (In lakh Bales)	0.21	0.21

Source: IBIS

International Market Scenario

International cotton prices have improved this week on the expectation of lower acreage in the next season. Cotlook A Index improved to 71.22 cents/pound during the week compared to 70.63 cents/pound previous week.

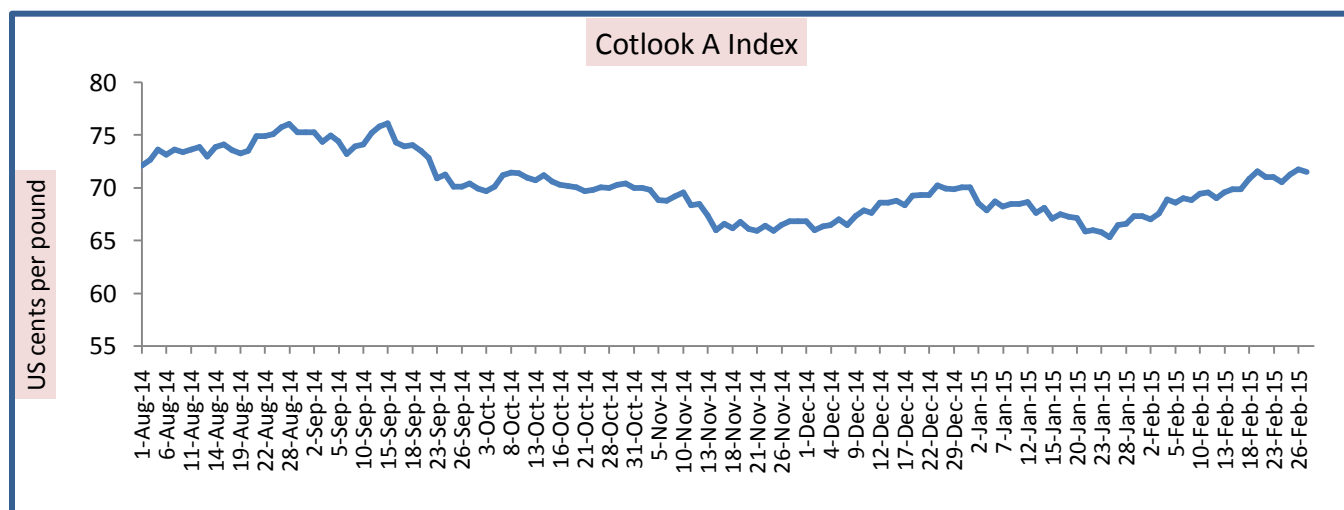
World cotton production is expected to be around 24.41 million tons in 2015-16 around 7.4 percent lower when compared to the production of current season which is likely to stand around 26.36 million tons, said International Cotton Advisory Committee (ICAC).

Following the lower production and higher consumption, ending stocks of cotton on the global front is likely to decline for the first time in the last five year. According to ICAC, Ending stocks is expected to fall to 21.39 million tons in 2015-16, around 1.16% lower when compared to the expected inventory of 21.64 million tons by the end of current season.

Besides the huge stockpile of cotton, what making cotton price to fall worldwide is the high internal price of fiber in China, which is forcing mills in the country to opt polyester instead of cotton, which is further creating the demand gap for the cotton in China and worldwide and hence leading to price crash, said the economist of National Cotton Council (NCC).

China cotton imports during January this year stood 161,200 tonnes 44.9% lower when compared to the imports last year during the corresponding month. In the initial five months of the season 2014/15, china imported 722,600 tonnes of cotton, 49% lower as compared to the imports during the same period last year.

According to USDA, cotton import on the global front would stand around 7.446 million tonnes this season slightly higher of 7.401 million tonnes 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.

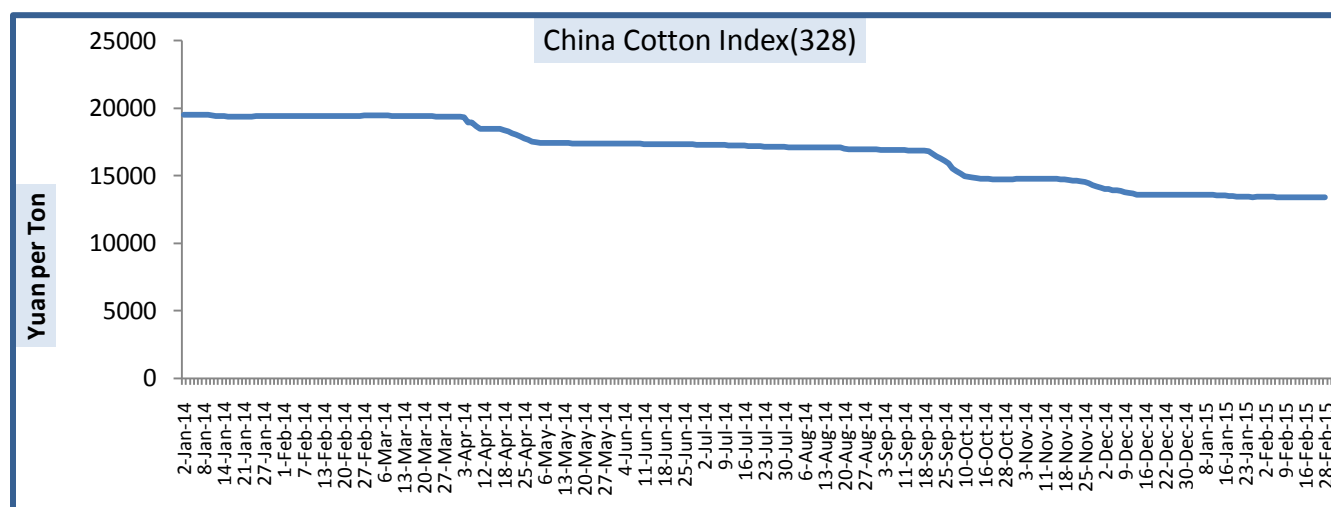


International Prices and Indices

China Cotton Index:

CC Indices	Weekly Average Price as on		% Change
	27-Feb-15	20-Feb-15	
CC Index(229)	14170	14165	0.04
CC Index(328)	13445	13440	0.04
CC Index(527)	12425	12425	0.00

Prices in Yuan per Ton



Cotlook A Index:

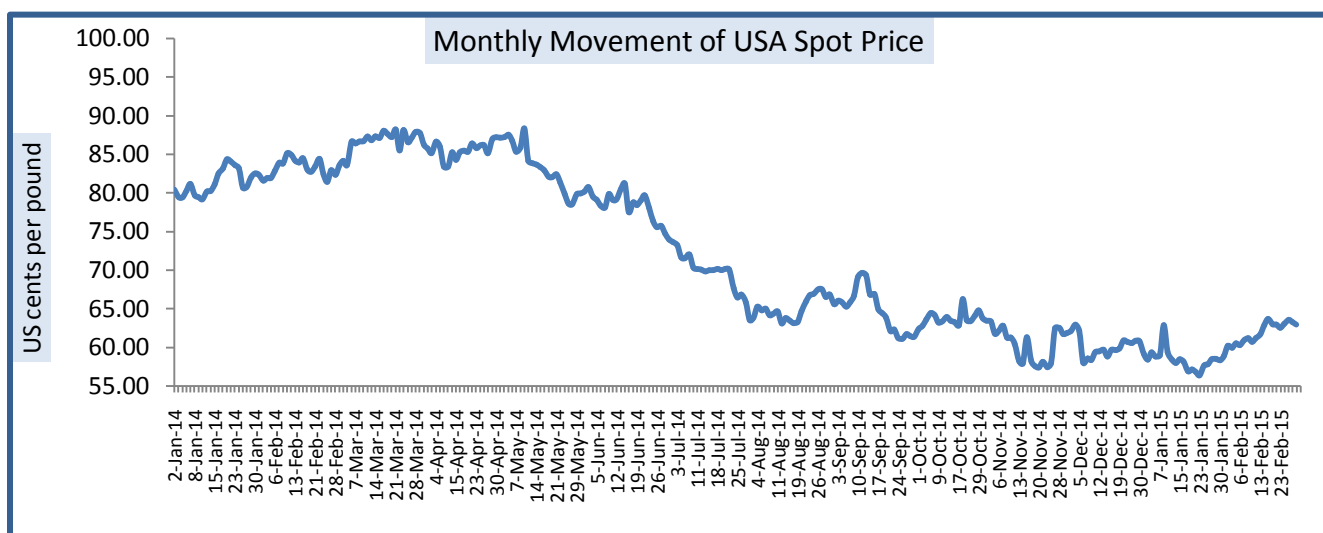
Cotlook A Index	Weekly Average Price as on		% Change
	27-Feb-15	20-Feb-15	
Prices	71.22	70.63	0.84

Prices in US cents per Pound

USA Spot Prices:

USA Spot Prices	Weekly Average Price as on		% Change
	27-Feb-15	20-Feb-15	
Prices	63.04	63.13	-0.14

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	27-Feb-2015	Week Ago	Year Ago	%W-o-W change	%Y-o-Y change
Mar-15	64.73	64.67	78.18	0.09	-17.71
May-15	64.93	64.66		0.42	--
Jul-15	65.22	65.04		0.28	--
Oct-15	65.85	65.67		0.27	--
Dec-15	65.85	65.48		0.57	--
Mar-15	65.84	65.04		1.23	--

Figures in US cents per pound

Cotton Futures

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



Weekly Technical Outlook:

- Candlesticks denote overall upward movement in the prices.
- RSI is moving flat in neutral region.
- Prices are hovering above the 9 and 18 days EMA.
- MACD is depicting firmness in centerline and signal line movement.
- We expect cotton prices to remain sideways to firm.

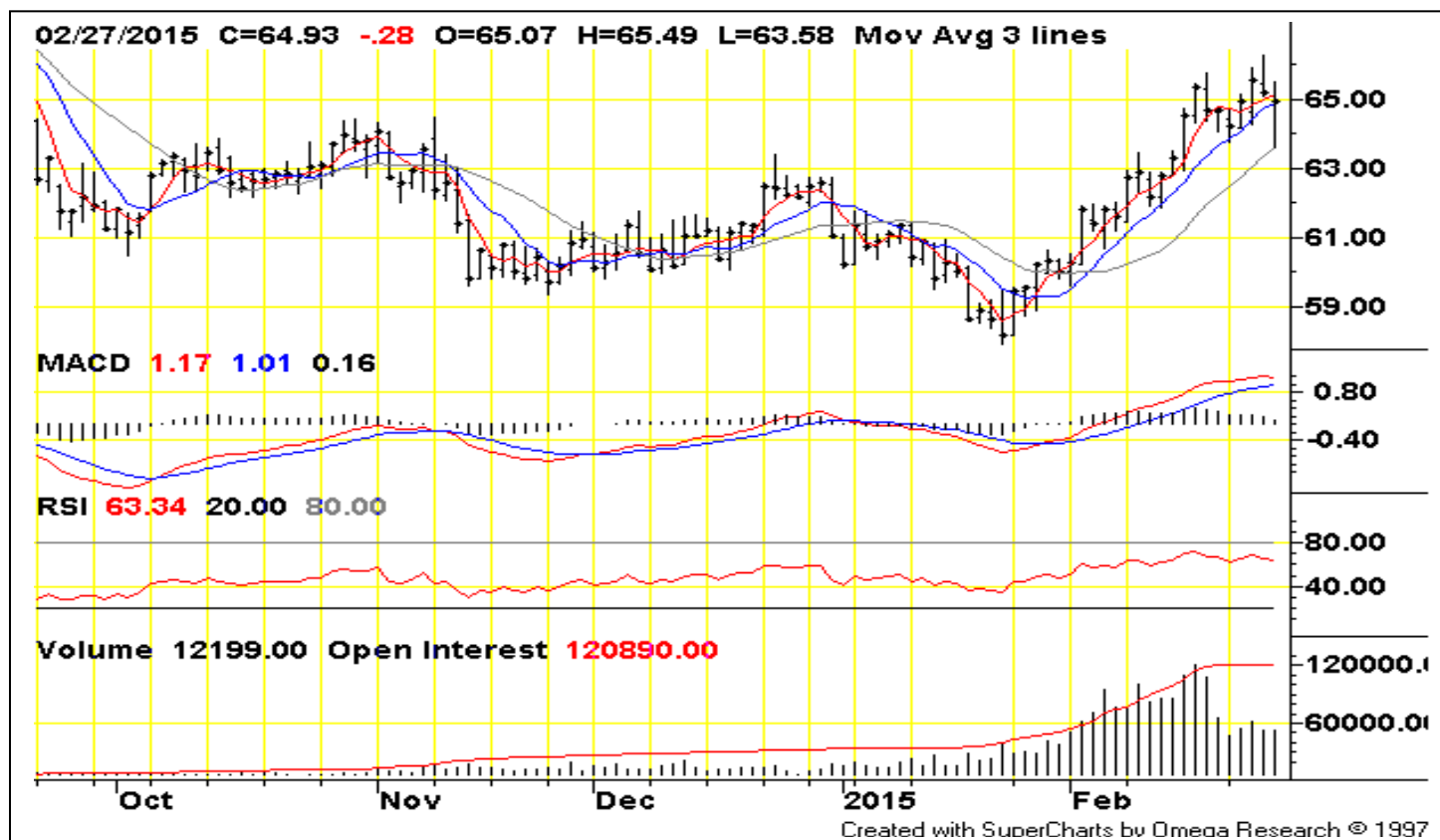
Expected Price Range During Coming Week.

Expected Trend	Expected Trading Band
Sideways to Bullish Momentum	740-770

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
730	725	790	800

Figures in Rs. per 20Kgs.

Technical Analysis of Cotton Future (May'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 sideways to firm in coming days.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Sideways to Bullish Momentum	63.20-66.40

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
62.00	61.40	67.00	67.80

Figures in US cents per pound

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