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. 4025 per quintal, which stood Rs 4015 previous week. Cotton prices witnessed recovery last week in most of the major trading region following the announcement of lower production estimates by CAI, unseasonal rainfall and depleting stocks.

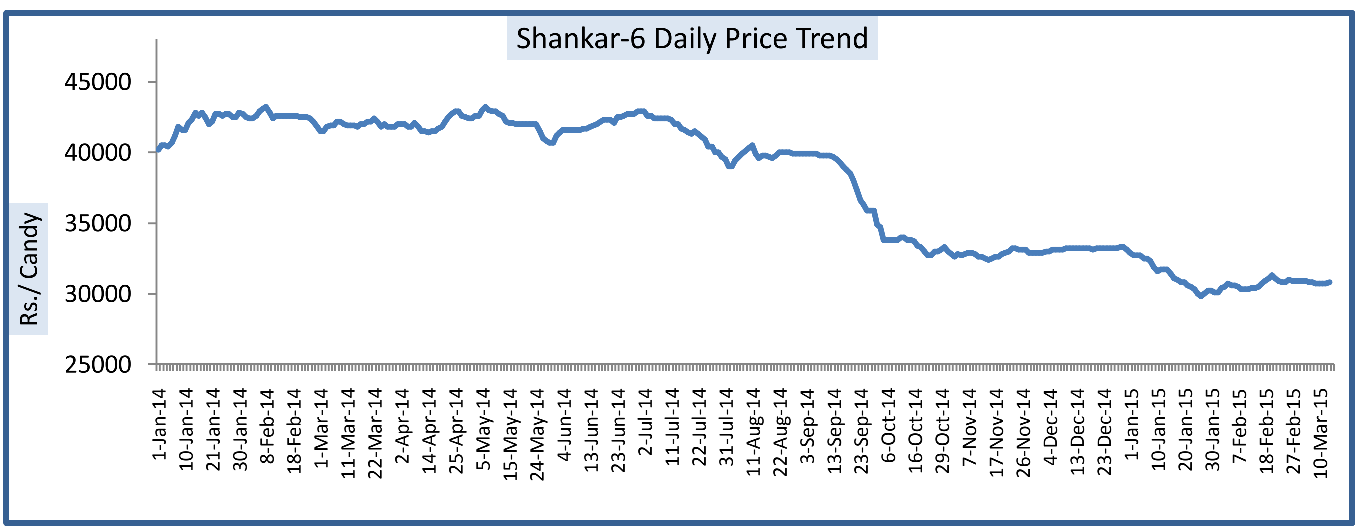
Cotton Association of India revised the cotton output estimates downwardly for the country at 397 lakh bales which was earlier estimated at 400.25 lakh bales in December 2014. The cause of the fall in output is decline in production estimates for central region including Gujarat, Maharashtra and Madhya Pradesh.

Cotton imports according to CAI latest estimates would be around 13 lakh bales this season, around 10.64% higher when compared to the imports of previous season which was 11.75 lakh bales. The fall in the imports is due to the decline in the production which would be around 397 lakh bales this season compared to 407.25 lakh bales previous season.

According to Cotton Association of India (CAI) cotton consumption would stand around 306 lakh bales this season compared to 300.68 lakh bales in 2013-14. Although CAI has revised the cotton output estimates downwardly for the country at 397 lakh bales which was earlier estimated at 400.25 lakh bales in December 2014.

India exported 1.70 lakh bales of cotton last week (02-08 Mar 2015), which was 2.34 lakh bales previous to last week (23 Feb-01 Mar 2015), according to the data compiled by IBIS. Imports on the other hand stood 0.16 lakh bales last week, which was 0.09 lakh bales previous to last week.

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 16.82% higher when compared to the export of current season which would be around 1.207 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 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 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.

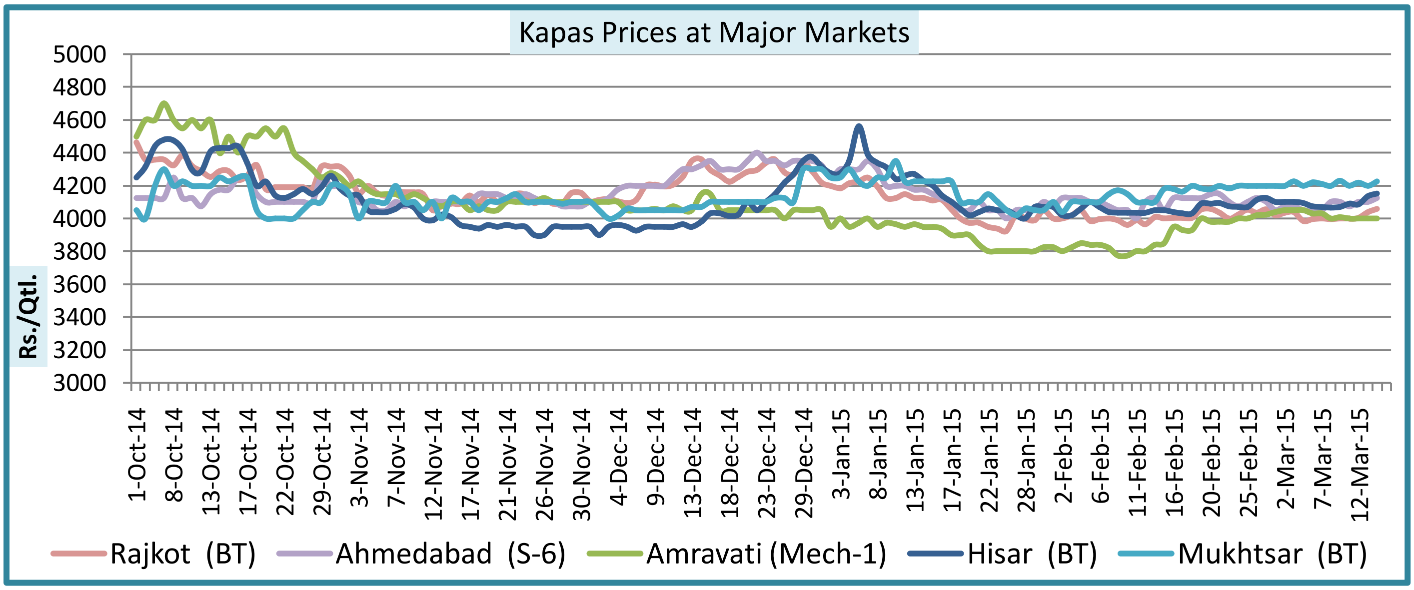
Domestic Cotton Prices

Cotton Prices at Key Spot Centers:

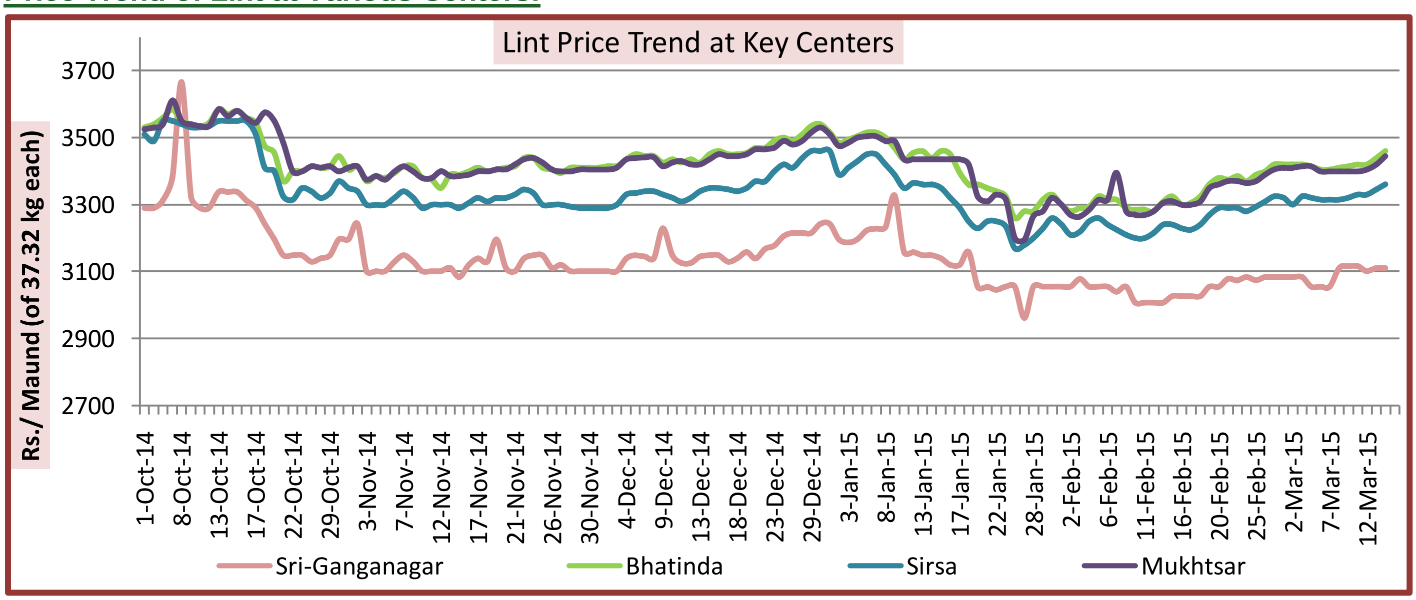
Centre	Variety	Weekly Average Prices as on		Change
		13th Mar 2015	5th Mar 2015	
	Kapas	**(Rs./Qtl)**		
Amravati	Mech-1	4000	4045	-45
Khandwa	Mech-1	4000	4035	-35
Khargaon	Mech-1	4050	4050	Unch
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4170	4230	-60
Rajkot	B.T. Cotton	4010	4015	-5
Patan	B.T. Cotton	4110	4075	35
Deesa	B.T. Cotton	NA	4010	-
Muktsar	B.T. Cotton	4210	4210	Unch
Fazilika	B.T. Cotton	4185	4255	-70
Bhiwani	B.T. Cotton	4180	4150	30
Adampur	B.T. Cotton	4085	4095	-10
Fatehabad	B.T. Cotton	4070	4100	-30
Dabwali	B.T. Cotton	4045	4030	15
Jind	B.T. Cotton	4105	4160	-55
Uchana	B.T. Cotton	4095	4100	-5
Rawatsar	B.T. Cotton	4100	4080	20
Hubli	B.T. Cotton	3935	3970	-35
Hathras	B.T. Cotton	NA	3000	-
Hanumangarh	B.T. Cotton	4135	4190	-55
	Kapas			
Ahmedabad	Shankar-6	4095	4065	30
Gondal	Shankar-6	3985	4080	-95
	Kapas			
Hathras	Desi	NA	3500	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4025	4045	-20
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4230	4230	Unch
Krishna	Un-Ginned	4050	4050	Unch
East Godavari	Un-Ginned	4015	4025	-10
	Lint	**Rs./Maund (of 37.32kg each)**		
Abohar	J-34	3425	3415	10
Muktsar	J-34	3405	3410	-5
Fazilika	J-34	3405	3425	-20
Bhatinda	J-34	3420	3415	5

Mansa	J-34	3400	3395	5
Sirsa	J-34	3330	3315	15
Sri-Ganganagar	J-34	3110	3070	40

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



Price Trend of Lint at Various Centers:

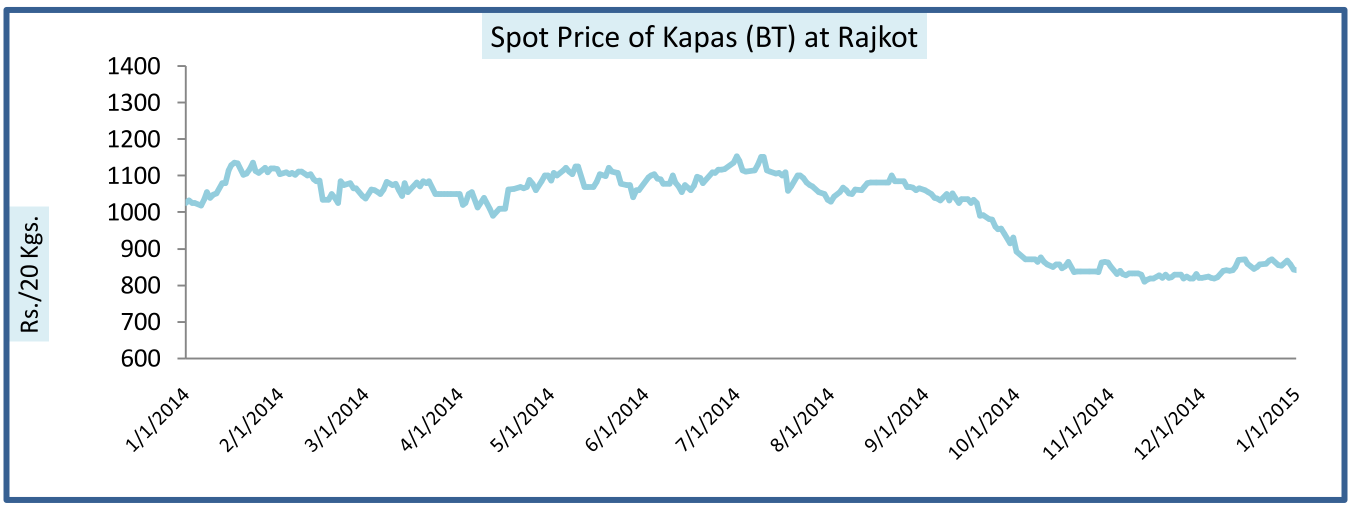


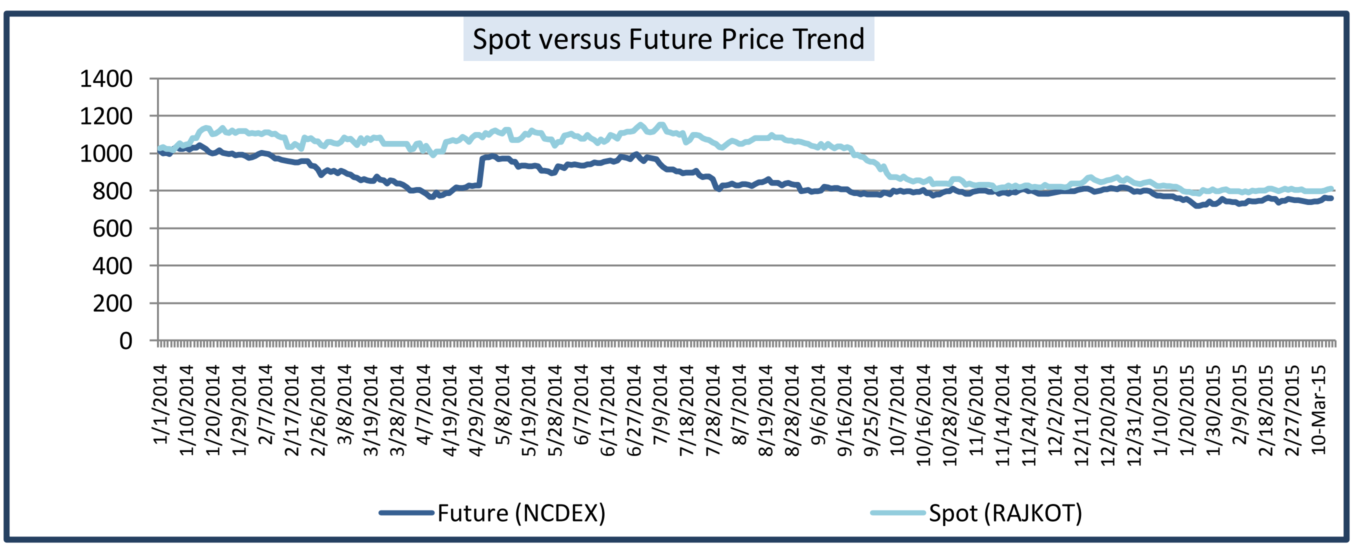
Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength / GPT	Weekly Average Prices* as on		+/- Change
				12th Mar 2015	4th Mar 2015	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	30235	30100	135
Bengal Deshi (SG)(201)	< 22mm	5.0 - 7.0	15	30735	30600	135
J-34(202)	26mm	3.5 - 4.9	23	31115	31150	-35
H-4/ MECH-1(105)	28mm	3.5 – 4.9	27	30035	30200	-165
Shankar-6(105)	29mm	3.5 – 4.9	28	30735	30900	-165
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33135	33200	-65
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34200	34200	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	39350	39500	-150

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
		13th Mar 2015	5th Mar 2015	
Amravati	Mech-1	8100	14700	-6600
Khandwa	Mech-1	1000	3000	-2000
Khargaon	Mech-1	16000	17000	-1000
Mahesana(Kadi)	B.T. Cotton	165000	85000	80000
Rajkot	B.T. Cotton	8800	9490	-690
Patan	B.T. Cotton	30938	20890	10048
Deesa	B.T. Cotton	NA	2750	-
Fazilika	B.T. Cotton	800	400	400
Muktsar	B.T. Cotton	1496	629	867
Bhiwani	B.T. Cotton	12500	9000	3500
Adampur	B.T. Cotton	2380	1870	510
Fatehabad	B.T. Cotton	2750	2100	650
Dabwali	B.T. Cotton	2050	850	1200
Jind	B.T. Cotton	238	629	-391
Uchana	B.T. Cotton	3310	2200	1110
Rawatsar	B.T. Cotton	200	220	-20
Hubli	B.T. Cotton	292	236	56
Hathras	B.T. Cotton	NA	NA	-
Hanumangarh	B.T. Cotton	1200	750	450
Ahmedabad	Shankar-6	217600	204000	13600
Gondal	Shankar-6	4399	4058	341
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	11586	6314	5272
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	36.6	22.4	14.2
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	3230	2210	1020
Bhatinda	J-34	55250	43350	11900
Mansa	J-34	2465	2465	Unch
Sirsa	J-34	3995	2890	1105

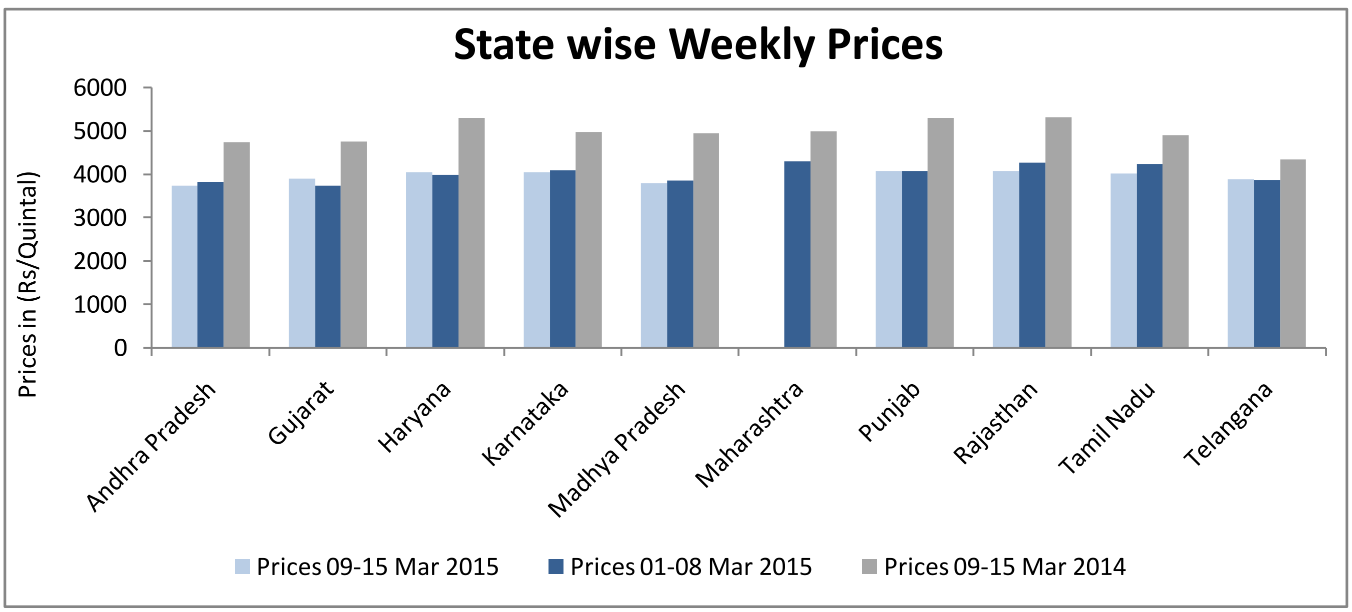
Sri-Ganganagar	J-34	8670	4760	3910

State wise Scenario

State wise Weekly Prices (Rs./Qtl.)

State	Prices 01-08 Mar 2015	Prices 24-28 Feb 2015	Prices 01-08 Mar 2014	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	3734.65	3825.24	4745.28	-2.37	-21.3
Gujarat	3900.63	3744.37	4753.71	4.17	-17.95
Haryana	4046.39	3996.02	5300.59	1.26	-23.66
Karnataka	4054.44	4089.57	4979.61	-0.86	-18.58
Madhya Pradesh	3805.37	3851.61	4950.99	-1.2	-23.14
Maharashtra		4300	4992.16	__	__
Punjab	4082.39	4078.94	5298.2	0.08	-22.95
Rajasthan	4079.94	4264.08	5327.46	-4.32	-23.42
Tamil Nadu	4015.74	4234.87	4909.69	-5.17	-18.21
Telangana	3893.43	3876.75	4344.03	0.43	-10.37
Average	5618.93	5673.77	5341.24		

Source: Agmarknet

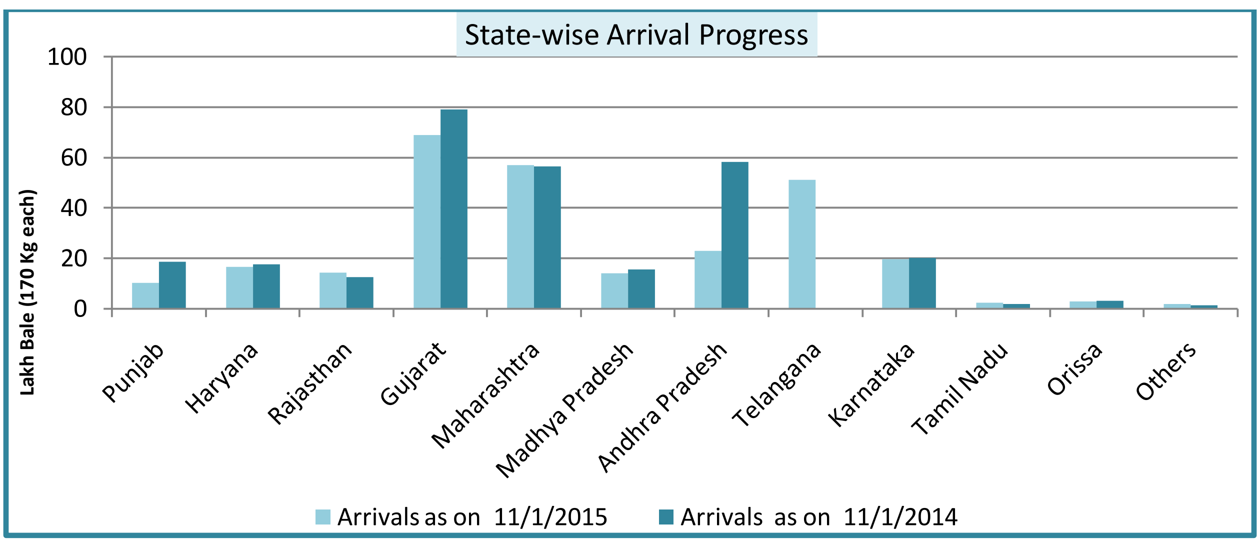


State wise Arrivals (in lakh bales of 170 kgs each):

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	08-03-2015	02-07-2014	08-03-2014
1. Punjab	14	10.15	21	18.69
2. Haryana	25	16.47	23	17.61
3. Rajasthan	17	14.25	14	12.35
A. North Total (1+2+3)	**56**	**40.87**	**58**	**48.65**
4.Gujarat	125	68.98	120	79.1
5.Maharashtra	85	57.12	84	56.56
6.Madhya Pradesh	18	13.93	19	15.63
B. Central Total (4+5+6)	**228**	**140.03**	**223**	**151.29**
7. Andhra Pradesh	50	22.96	76	58.22
8.Telangana	27	51.15	--	--
9. Karnataka	28	19.69	22	19.98
10.Tamil Nadu	5	2.27	5	1.74
C. South Total (7+8+9)	**110**	**96.07**	**103**	**79.94**
11. Orissa	4	2.78	4	3.07
12. Others	2	1.75	2	1.36
D. Total (11+12)	**6**	**4.53**	**6**	4.43
Grand Total (A+B+C+D)	**400**	**281.5**	**390**	**284.31**

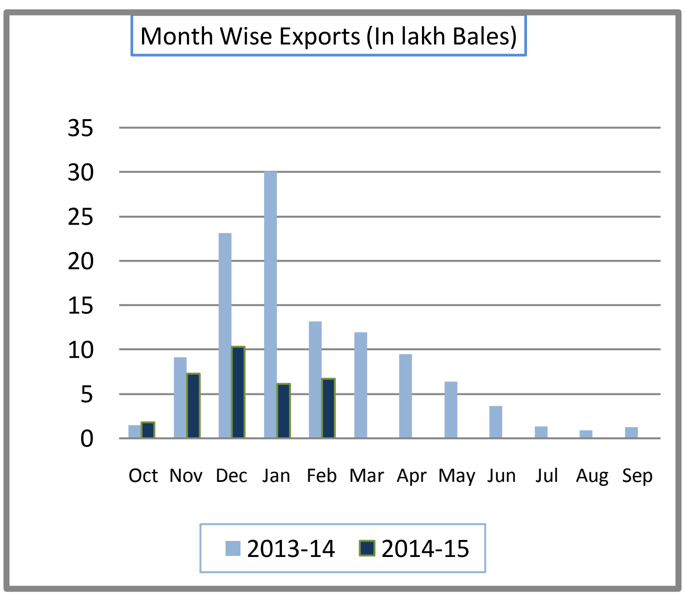
* Inclusive of new crop arrivals in September 2014
** Quantity in lakh bales (of 170 kgs. each)

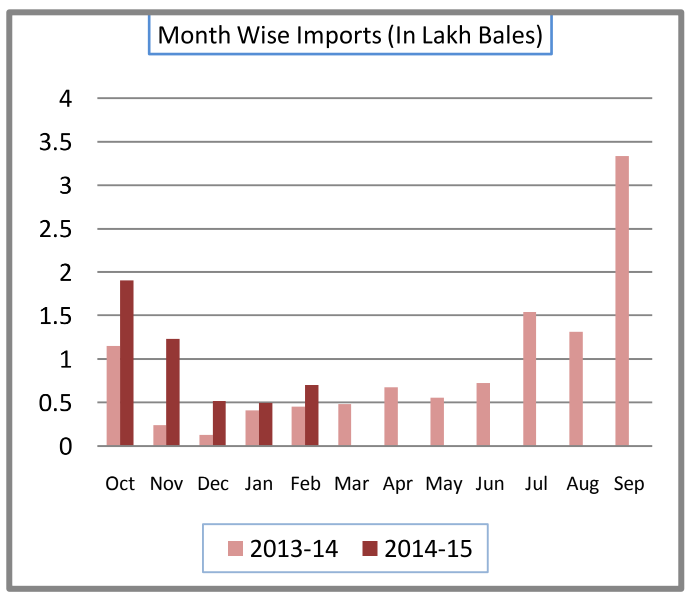


Cotton Export and Import

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	6.11
Feb	13.15	6.68
Mar	11.9	
Apr	9.46	
May	6.37	
Jun	3.62	
Jul	1.32	
Aug	0.87	
Sep	1.24	
Total	**111.5**	**32.2**

Cotton Imports(In Lakh Bales)		
Month	**2013-14**	**2014-15**
Oct	1.16	1.91
Nov	0.24	1.24
Dec	0.133	0.52
Jan	0.41	0.5
Feb	0.46	0.71
Mar	0.488	
Apr	0.68	
May	0.56	
Jun	0.73	
Jul	1.55	
Aug	1.32	
Sep	3.34	
Total	**11.07**	**4.88**





Weekly Export Import Data

Date	02-08 Mar 2015	23 Feb-01 Mar 2015
Export (In lakh Bales)	1.70	2.34
Import (In lakh Bales)	0.16	0.09
		Source: IBIS

International Market Scenario

International cotton prices moved downwards this week on the weak demand and leading supplies. Cotlook A Index stood as weekly average stood 70.54 cents/pound this week compared to 71.22 cents/pound previous week.

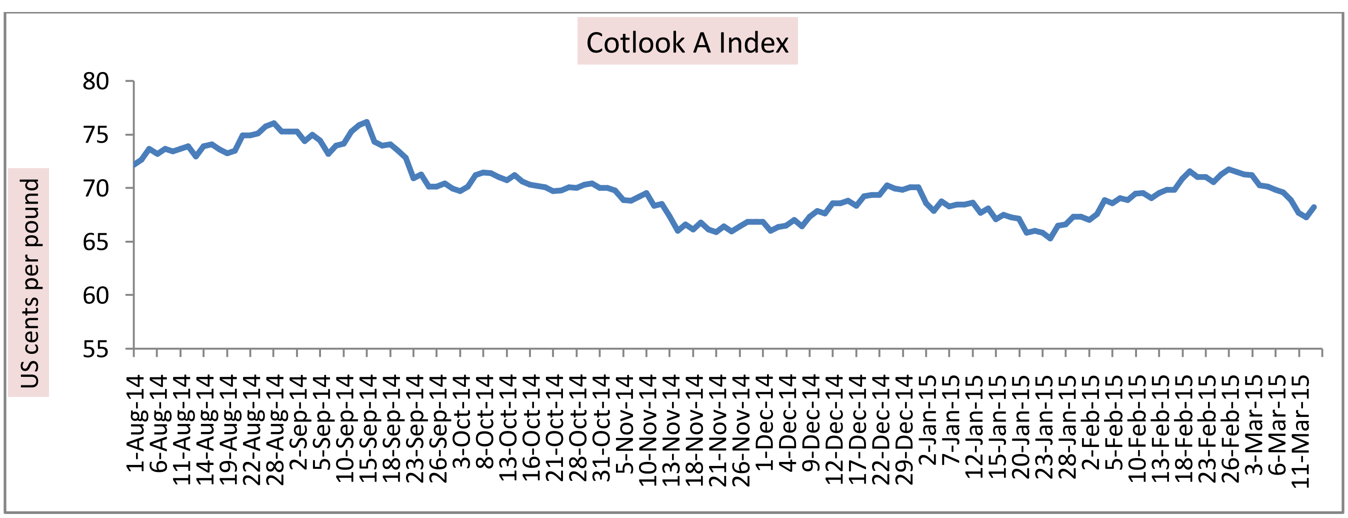
USDA in its latest world supply and demand report, estimated world cotton inventory to be around 23.96 million tonnes by the end of current season which was earlier estimated 23.914 million tonnes previous month. USDA has also lowered the China cotton consumption to 7.620 million tonnes this month which was earlier estimated 7.729 million tonnes previous month.

USDA has lowered the cotton production estimates at 25.962 million tonnes this month compared to 25.991 million tones, which was projected previous month for season 2014-15. Cotton output on the global front during the season 2014-15 would be 1% lower when compared to output of previous season which was 26.223 million tonnes.

Cotton output in Pakistan is estimated slightly higher this month by USDA at 2.286 million tones which was estimated 2.264 million tones a month ago. Considering the production of previous season, Pakistan would notice a escalation of 10.54% in cotton output this season as the country produced 2.07 million tones of cotton last year.

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).

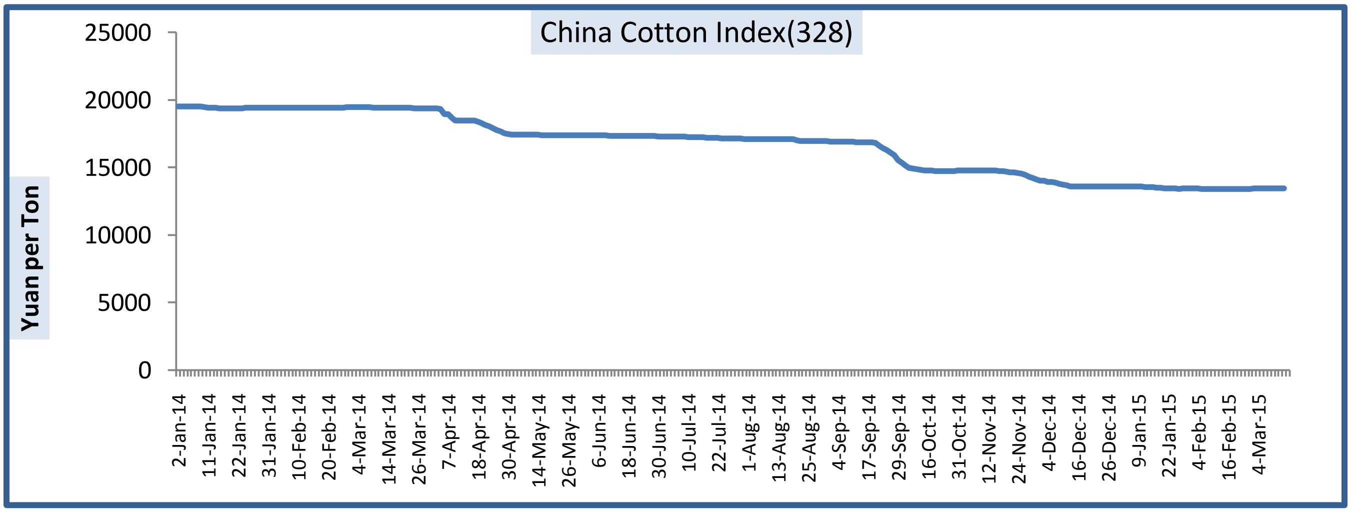
Following the lower production and higher consumption, ending stocks of cotton on the global front is likely to decline for the first time in the last five year. According to ICAC, Ending stocks is expected to fall to 21.39 million tons in 2015-16, around 1.16% lower when compared to the expected inventory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



International Prices and Indices

China Cotton Index:

CC Indices	Weekly Average Price as on		% Change
	13-Mar-15	06-Mar-15	
CC Index(229)	14190	14194	-0.03
CC Index(328)	13470	13468	0.01
CC Index(527)	12430	12430	0.00
			Prices in Yuan per Ton

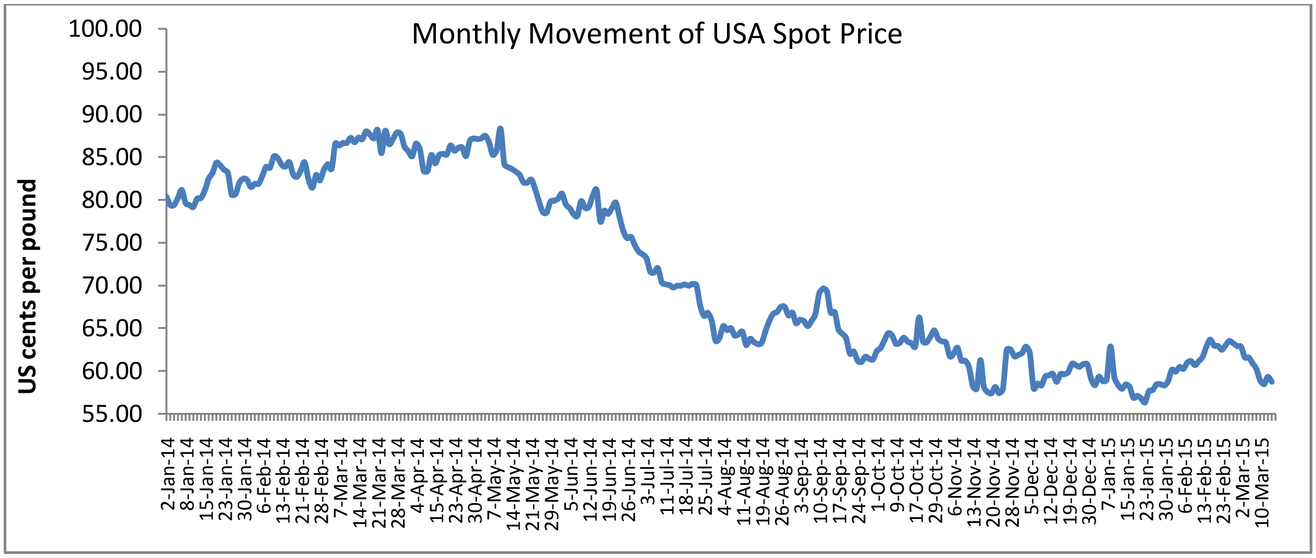


Cotlook A Index:

Cotlook A Index	Weekly Average Price as on		% Change
	13-Mar-15	06-Mar-15	
Prices	68.32	70.54	-3.15
			Prices in US cents per Pound

USA Spot Prices:

USA Spot Prices	Weekly Average Price as on		% Change
	13-Mar-15	06-Mar-15	
Prices	59.15	61.76	-4.23
			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	69.84	-25.74
March	96.94		
April	94.2		
May	92.7		
June	90.89		
July	83.83		

Cotton Futures (ICE):

Contracts	13-Mar-2015	Week Ago	Year Ago	%W-o-W change	%Y-o-Y change
Mar-15	60.50	62.95	79.79	-3.89	-24.18
May-15	61.91	62.97	79.55	-1.68	-22.17
Jul-15	61.82	63.37		-2.45	--
Oct-15	62.59	63.96		-2.14	--
Dec-15	62.9	64.57		-2.59	--
Mar-15	63.46	64.57		-1.72	--
					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.
- Prices are hovering above the 9 and 18 days EMA.
- MACD is depicting recovery 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	765-795

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
745	730	800	815
Figures in Rs. per 20Kgs.			

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

Weekly Technical Outlook:

- Candlesticks denote downward movement in the prices.
- Falling prices and increasing V&OI denotes weakness
- We expect cotton prices to remain sideways to weak.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Sideways to Weak Momentum	58.80-62.80

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
58.20	57.60	63.60	64.20
Figures in US cents per pound			