

Current Market Outlook

Domestic Weekly Price Scenario: Cotton domestic market remained firm during the week. Due to the strong overseas demand coupled with domestic mills demand, cotton prices in country is in uptrend. Besides this, according to the major market participants, cotton production is likely to fall by around 14% this season.

Average price of Kapas at Rajkot during the week was Rs. 4665 per quintal, which stood at Rs 4540 previous week. Average price of Lint at Sirsa during the week was Rs. 3445 per maund (of 37.32 Kg each), which stood at Rs 3415 previous week. Cotton fiber (Shankar-6) prices remained firm this week. Average price was Rs 33810 per candy (of 355.6 kg each) during the week, which was Rs 32815 per candy previous week. Future price of cotton (at NCDEX, April'16 contract) remained sideways this week and closed at Rs. 888.5 per maund (of 20 kg each) which was Rs 872 a week earlier.

Cotton Price Outlook (For Coming Week): In the coming week we expect Kapas price to remain firm with the price band of Rs. 4600-4750 per quintal in the bench mark market. Lint price at Sirsa is likely to be in range of Rs 3410-3470 per maund. Kapas prices at NCDEX (April'16 contract), is expected to hover in the range of Rs.885-905 per maund (of 20 kg each).

Major Market Highlights: Government of Gujarat has announced a bonus of Rs 110 per 20 Kg of cotton, besides the MSP of 810 per 20 Kg if the farmers sell the crop to Cotton Corporation of India (CCI). So cotton farmers will now get Rs 920 on every 20 kg of the crop, compared to Rs 810, the MSP announced for the Kharif season 2015-16.

India is likely to export 1.15 million tons (around 67.6 lakh bales of 170 kg each) of cotton in season 2015-16, around 26.3% higher as compared to 0.91 million tons, exported in the previous season, according to USDA.

Cotton ending stocks in India is likely to go down by around 8% this year as compared to the previous year. According to USDA, cotton stocks would stand around 2.69 million tons by the end of season 2015-16 as compared to 2.93 million tons previous season.

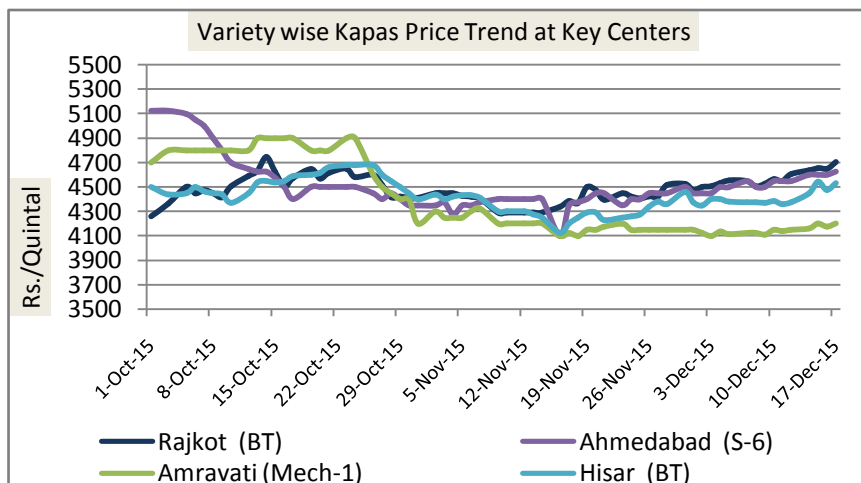
India is likely to export around 10 lakh bales of cotton to Pakistan as the country has faced the severe crop loss due to rain and flood, said cotton association of India. According to market participants, the situation will lend support to the cotton prices in domestic market.

Domestic Cotton Prices Scenario

Kapas (Raw Cotton) Weekly Price Scenario

Weekly Price Review: Kapas price remained firm during the week due to the higher demand from overseas and domestic mills. Weekly average price of Kapas at Rajkot remained Rs. 4665 per quintal, slightly higher compared to previous week price of Rs. 4540 per quintal.

Major Market Highlights: Cotton consumption in India is likely to be around 5.50 million tons in season 2015-16, which was estimated to be around 5.55 million tons a month earlier. Although the consumption figures has been revised downward this month by USDA, the same would stand around 3% higher compared to the previous year's consumption of 5.33 million tons.

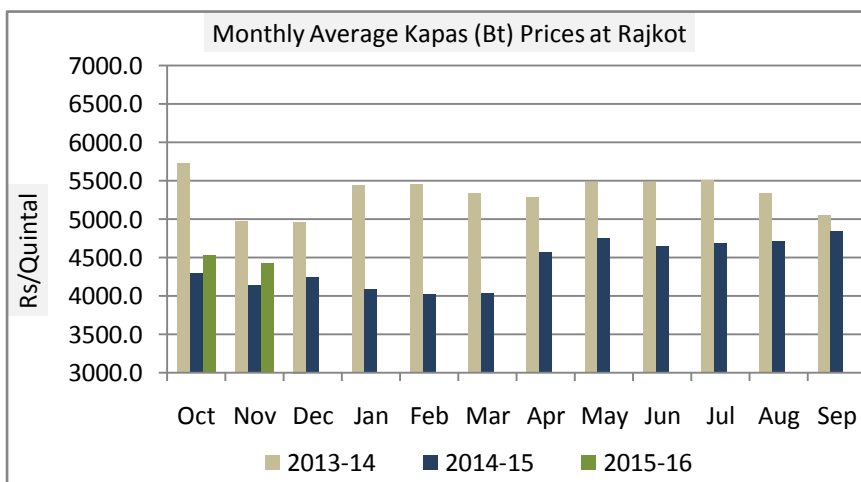


Cotton exports from India noticed a remarkable rise in November as compared to the previous month. During November the country exported around 12.46 lakh bales of cotton as compared to 4.63 lakh bales during the previous month and 7.34 lakh bales during the corresponding month of previous season. However imports fell to almost half the quantity imported previous month. Cotton imports during November was 0.55 lakh bales, which was 0.92 a month earlier and 1.98 lakh bales during the corresponding month a year earlier.

Weekly Price Outlook: Kapas prices are expected to remain steady to firm in coming days. The expected range for Kapas at Rajkot is Rs 4600-4750 per quintal.

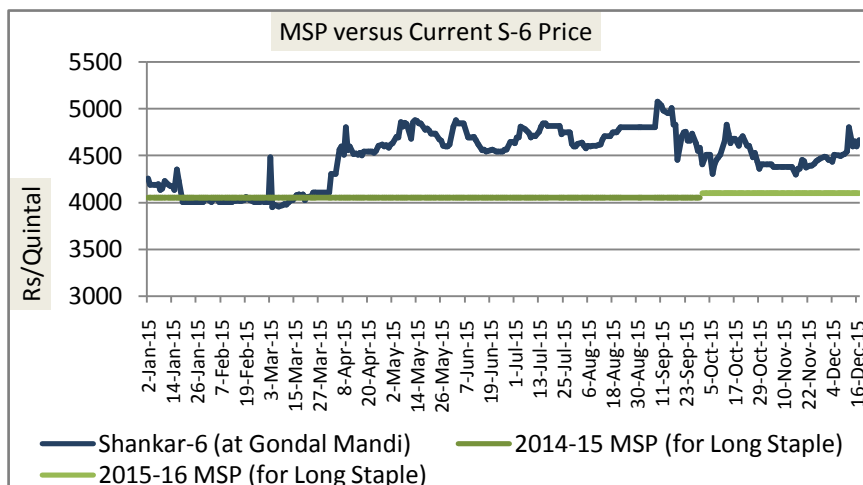
Kapas Monthly Y-o-Y Price Scenario

Kapas (seed cotton) prices noticed weak momentum during the November month following the peak arrivals time, which created the supply lead in the market. Cotton price remained weak during November compared to the previous month. However, the same is ruling higher compared to the prices during the corresponding month previous season. Monthly average price of Kapas at Rajkot remained Rs.4425 per quintal during November, which was Rs 4520 during previous month and Rs 4135 per quintal during the corresponding month last year.



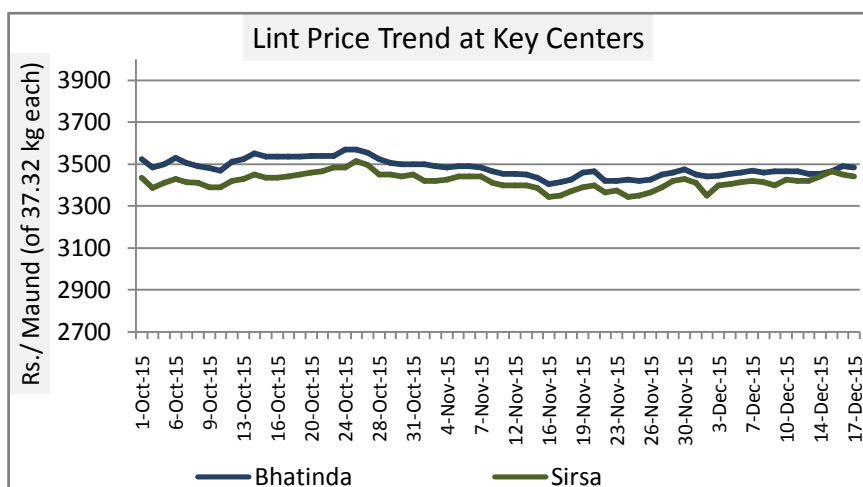
Spot Price versus MSP

Kapas prices are ruling above the MSP so far. The gap between the two prices has been widened. The average gap between the prices was Rs 545 this week as compared to Rs 395 a week earlier. This indicates prices are in the uptrend movement.



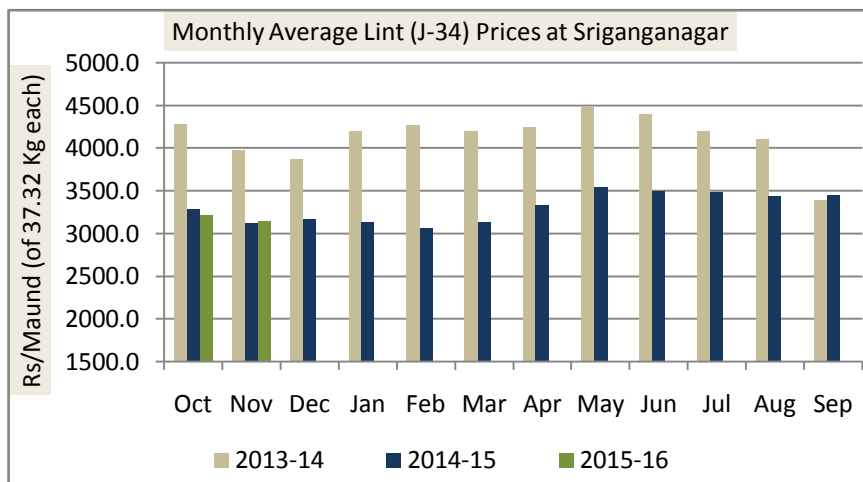
Lint (De-Seeded Weekly Price Scenario

Weekly Price Review: Firmness in the raw cotton prices pulled up the lint prices too. Weekly average price of Lint at Sirsa remained Rs. 3445 per maund of 37.32 kg each compared to previous week price of Rs. 3405 per maund. Weekly Price Outlook: Lint prices are expected to remain sideways to firm as demand of fiber is expected in the upcoming month. We expect Lint at Sirsa to remain in range of Rs. 3410-3475 per maund.



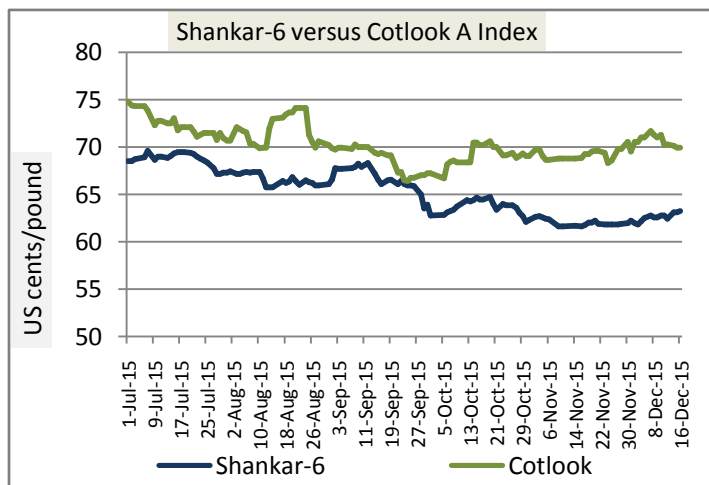
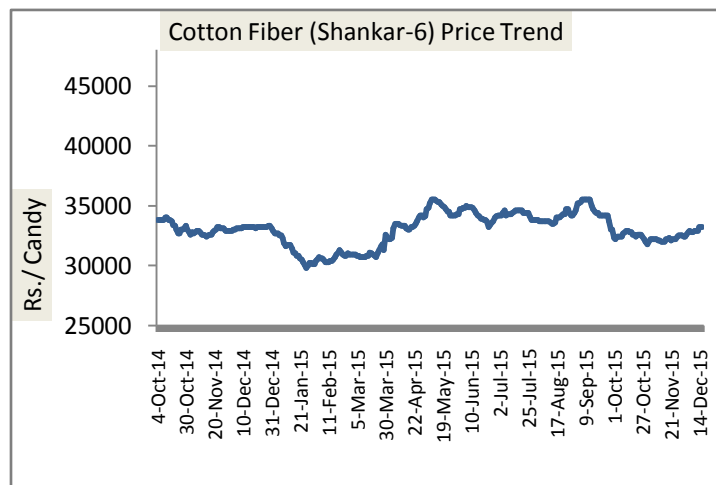
Lint Monthly Y-o-Y Price Scenario

Due to the weakness in Kapas prices, lint prices too remained weak during November compared to previous month. However, it remained firm compared to corresponding month last year. In November this year, monthly average price of lint at Sri-Ganganagar remained Rs. 3150 per maund (of 37.32 Kg each), which was Rs 3215 last month and Rs 3125 during corresponding month previous year.



Cotton Fiber Weekly Price Scenario

Due to higher export demand and firmness in raw cotton prices, cotton fiber too remained firm this week. Weekly average price of cotton (Shankar-6) at Mumbai remained Rs 33810 per candy (of 355.6 kg each) fairly higher compared to the prices of previous week which was Rs. 32815 per candy.

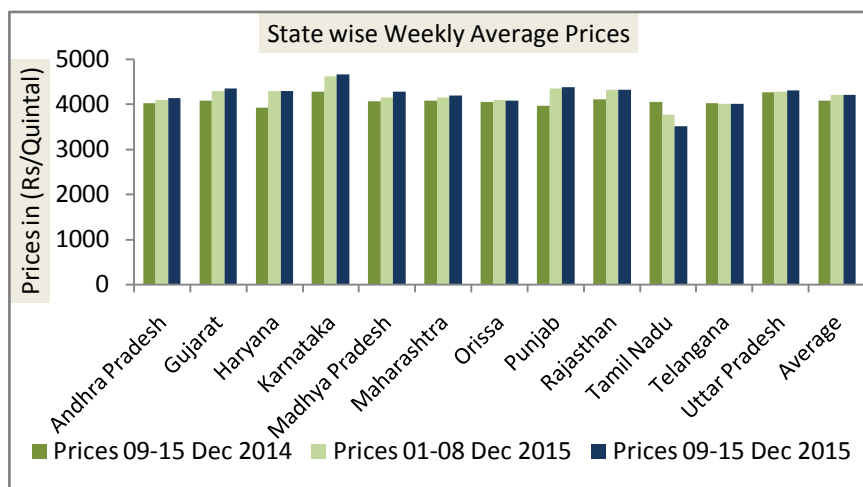


Indian Fiber price versus International Fiber Price: Indian fiber prices are ruling fairly below the international price. Against the weekly average Cotlook A Index of 70 cents/pound, Indian weekly average price stood 63.00 cents/pound, making Indian fiber competitive in international market.

Weekly Price Outlook: Shankar-6 price in the coming week is expected to hover in range of Rs 33200-34000 per candy.

State wise Weekly Price Scenario

On week on week basis, prices are showing up trend in most of the States, highest price was recorded in Karnataka followed by Punjab this week and lowest was in Tamil Nadu followed by Telangana. On year on year basis, cotton prices are reflecting uptrend in all of the States, except Tamil Nadu and Telangana which noticed downtrend in Y-o-Y price comparison. Prices have been summarized in the table given in annexure.

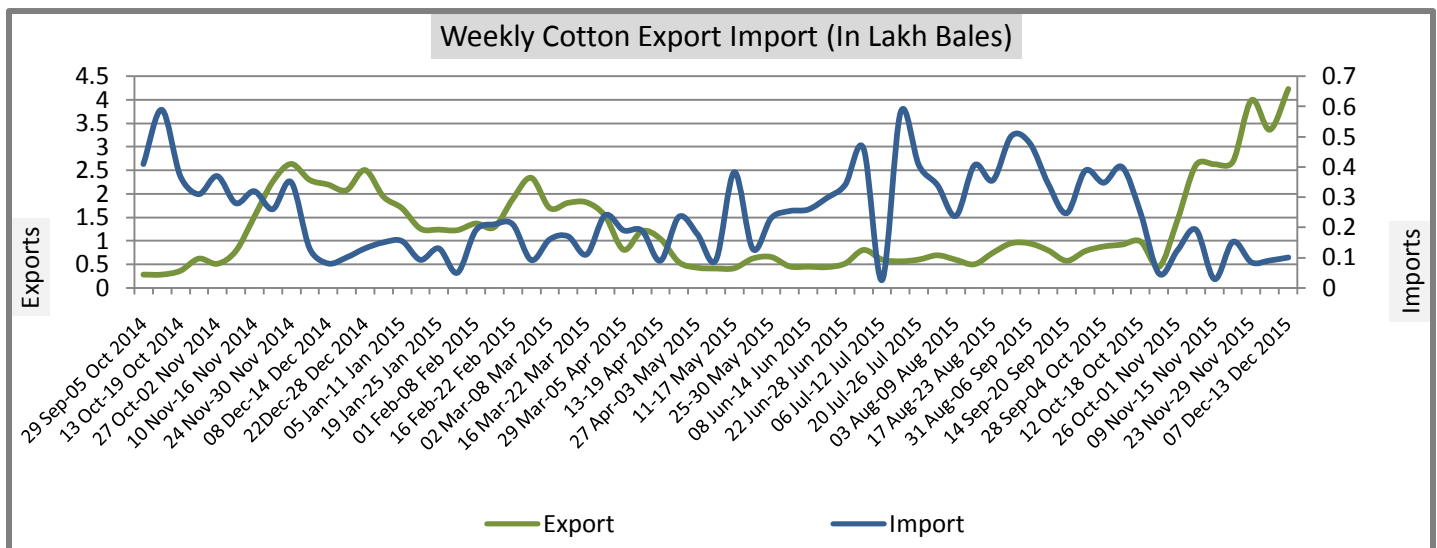


Cotton Weekly Export and Import

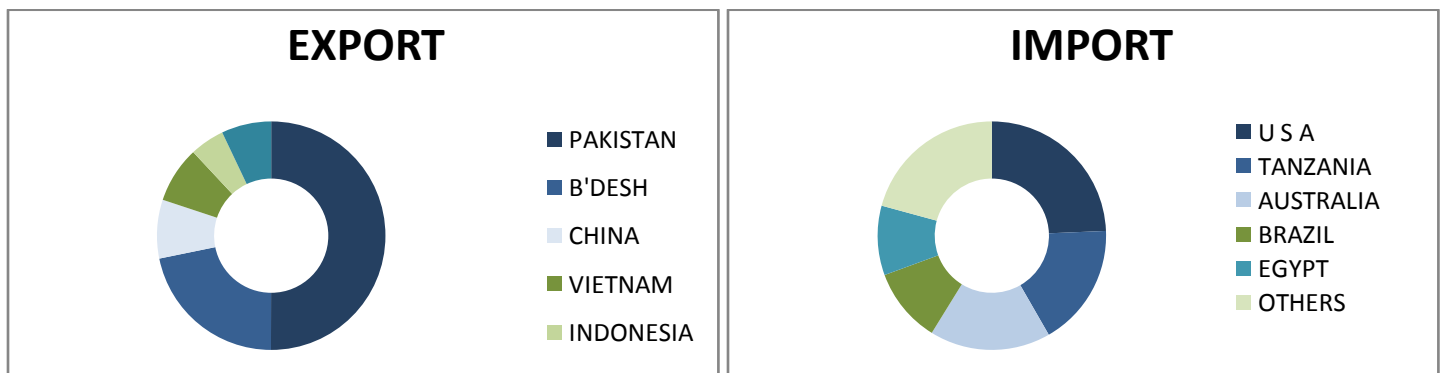
India exported 4.24 lakh bales of cotton last week (07 Dec-13 Dec 2015), which was 3.37 lakh bales previous to last week (30 Nov-06 Dec 2015), according to the data released by IBIS and compiled by Agriwatch. Imports on the other hand stood 0.1 lakh bales last week, which was 0.09 lakh bales previous to last week.

Export/Import	07 Dec-13 Dec 2015	30 Nov-06 Dec 2015
Export (In lakh Bales)	4.24	3.37
Import (In lakh Bales)	0.1	0.09

Source: IBIS



Major Exporter and Importer: The major exporting destinations during the week were Pakistan, Bangladesh, China followed by Vietnam and Indonesia. The country sourced cotton from USA, Tanzania, Australia followed by Brazil and Egypt during the week.

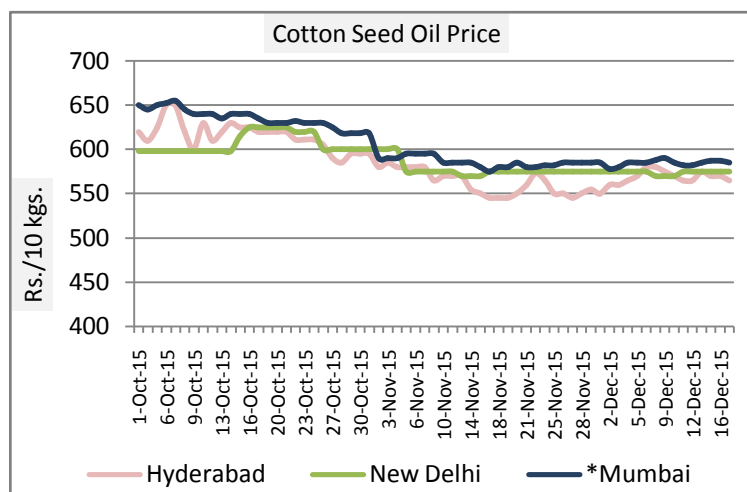


Cotton Seed Oil and Cotton Seed Oil Cake

Cotton Seed Oil Weekly Price Scenario

Cotton seed oil price remained mostly steady to weak during the week. Weekly average price in New Delhi remained Rs 575 per 10 Kg, slightly higher when compared to the weekly average price of previous week which was Rs 572 per 10 Kg.

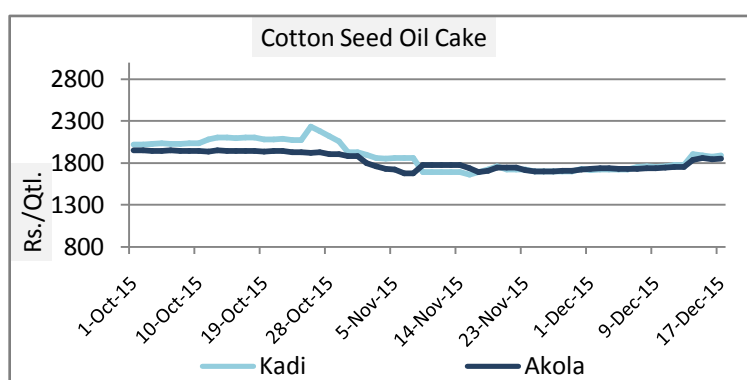
Centers	Weekly Average Price as on (Rs/10 kg.)		% Change
	17-Dec -15	10-Dec -15	
New Delhi	575	572	0.52
Rajkot	585	588	-0.51
Hyderabad	568	575	-1.22
Mumbai*	585	587	-0.34
*Vat Included			



Cotton Seed Oil Cake Weekly Price Scenario

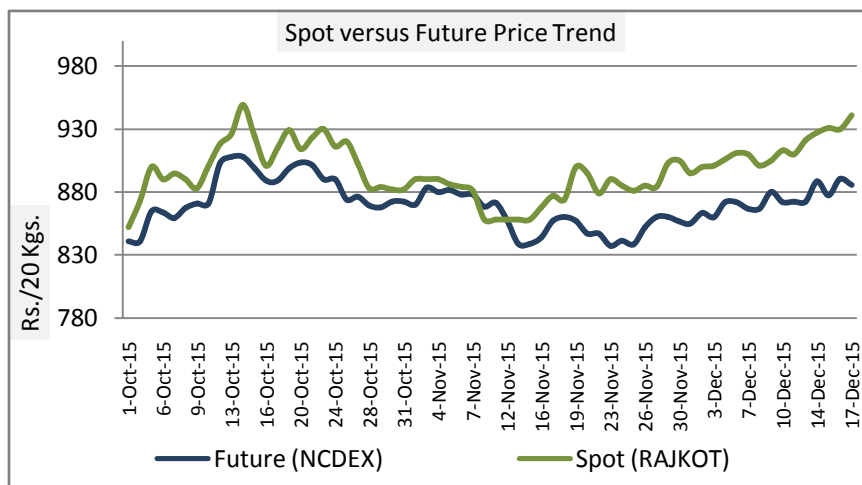
Cotton seed oil cake price remained mainly firm during the week. Weekly average price in Akola remained Rs 1852 per quintal slightly firm when compared to the weekly average price of previous week which was Rs 1750 per quintal.

Centers	Weekly Average Price as on (Rs/quintal.)*		% Change
	17-Dec -15	10-Dec -15	
New Delhi	1852	1750	5.83
Rajkot	1816	1737	4.55
*Source: NCDEX			



Cotton Spot and Future Price Trend

Cotton future price closed higher this week. Kapas at NCDEX (April'16) closed at Rs885.5 as on 17 Dec 2015, as compared to 872 a week earlier and Rs 798.5a year earlier. Average gap between the spot and future price during the week was Rs 45.5.



Technical Analysis of Kapas Future Prices at NCDEX(April'16 Contract)



Weekly Technical Outlook:

- Candlesticks denote overall bullish momentum in the market.
- RSI is moving towards over bought region.
- MACD centerline and signal line are showing positive movements.
- We expect cotton prices to remain sideways to firm.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Bullish Momentum	885-905

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
880	870	915	920

Figures in Rs/20 Kg

*Trade Recommendation as published on 17 Dec 2015

International Market Scenario

International cotton prices remained range bound to weak during the week. Cotlook A index weekly average stood at 70.02 cents/pound this week, which was 71.15cents/pound during last week.

Major Market Highlights: Cotton future price fell for the fifth straight session on Wednesday (16 Dec'15) following the announcement of hike in interest rate by U.S. Federal Reserve. Cotton at ICE (March contract) settled at 63.25 cents per pound, around 0.09% lower, and traded within the range of 63.06-63.62 cents per pound.

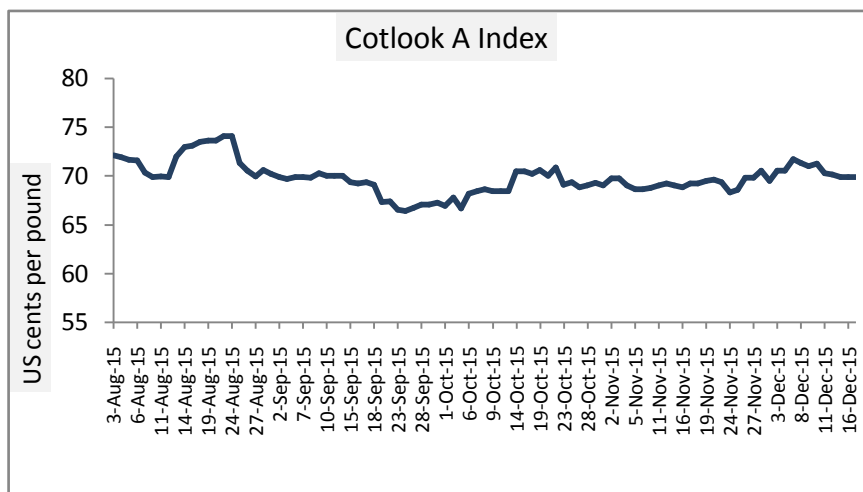
According to USDA, cotton exports in the current season would be around 7.69 million tons, around 3% higher compared to the estimates of previous season. However the export would be on the lower side compared to the previous season, when it was 7.70 million tons, said USDA.

Cotton ending stocks during the season 2015-16 are expected to be around 22.72 million tons, around 1.6% lower compared to the estimates of previous month and around 7% lower compared to the ending stocks of 24.38 million tons in the season 2014-15, according to USDA.

Pakistan is likely to import around 435 thousand tons of cotton in 2015-16, more than double the quantity of 182 thousand tons imported in 2014-15.. Reason for the same is fall in the production to 1.7 million tons in current season from 2.3 million tons previous season.

Cotlook A Index

Cotlook A index remained weak during the week following the revision in the interest rates by U.S. Federal reserve. However the cotton market is on the bullish note following the various factors including downward revision in the production figures by USDA, recovery in the export demand, delayed harvesting of USA cotton crop etc. Cotlook A Index remained 70.02 cents/pound this week, slightly higher when compared to 71.15 cents/pound a week earlier.



Cotlook A Index	Weekly Average Price as on		% Change
	17-Dec-15	10-Dec-15	
Prices	70.02	71.15	-1.6
Prices in US cents per Pound			

China Cotton Index and Foreign Cotton Index

USDA has revised the China cotton production estimates for the season 2015-16 to 5.29 million tons, 2.8% lower compared to the estimates of previous month and around 19% lower compared to the estimates of season 2014-15.

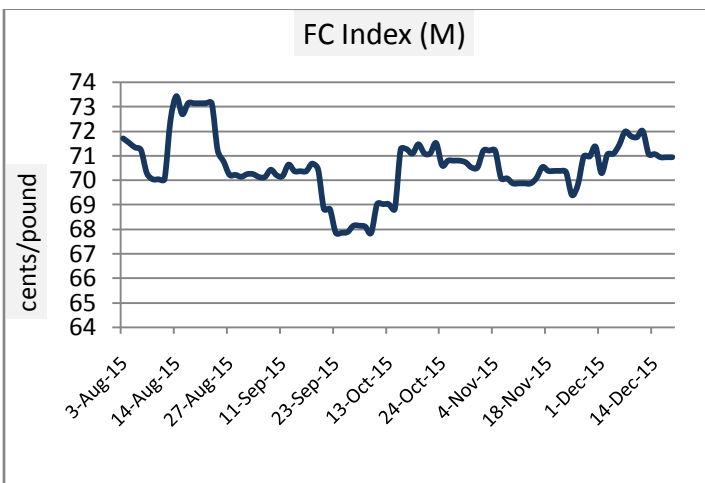
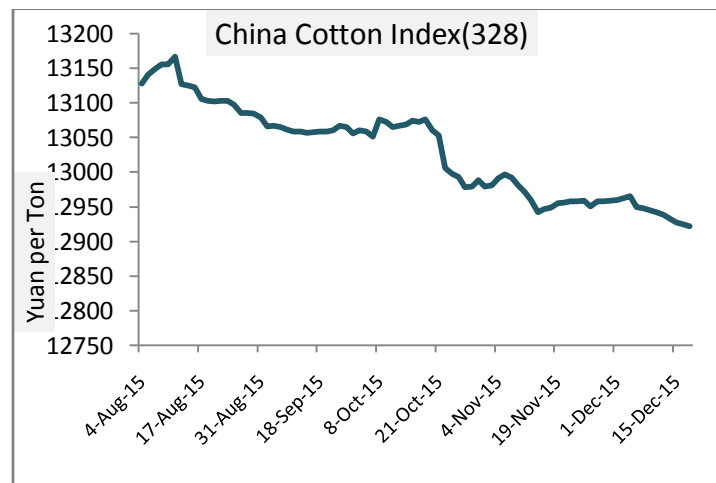
China cotton index remained weak during the week. FC Index (M) remained 70.98 cents/pound, as compared to 71.94 cents/pound a week earlier.

Cotton Index	Weekly Average Price as on		% Change
	17-Dec-15	10-Dec-15	
FC (S)	74.3	75.53	-1.63
FC (M)	70.98	71.79	-1.13
FC (L)	69.1	70.26	-1.65
Prices in US cents per Pound			

China Index too remained weak. CC Index (328) remained 12929 Yuan per ton during the week as average which was 12945 Yuan per ton during previous week.

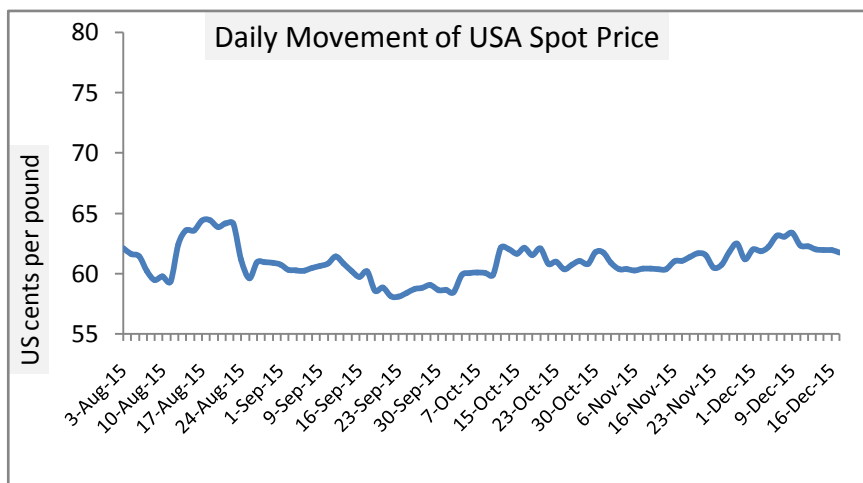
Cotton Index	Weekly Average Price as on		% Change
	17-Dec-15	10-Dec-15	
CCIndex(229)	13573	13587	-0.10
CCIndex(328)	12929	12945	-0.12
CCIndex(527)	11878	11882	-0.03
Prices in Yuan per ton			

China is likely to import 1.197 million tons of cotton during 2015-16, around 4.40% lower compared to the estimates of previous season which were 1.25 million tons and around 33.6% lower compared to the imports of previous season which was 1.80 million tons.



USA Spot Prices

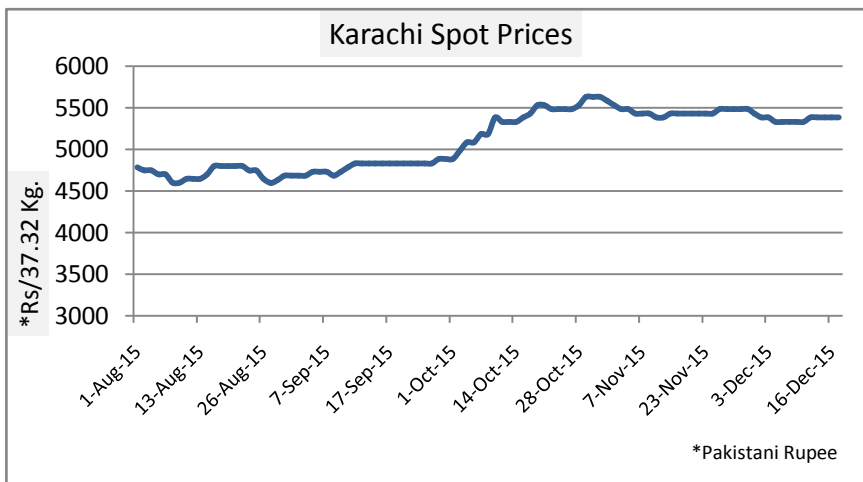
According to USDA latest report, USA cotton production would stand around 2.83 million tons, around 2% lower compared to the estimates of previous month i.e. 2.89 million tons and around 20% lower than the production of previous year i.e. 3.55 million tons. USA spot prices remained weak during the week. Weekly average price was 62 cents/pound slightly lower compared to 63 cents/pound a week earlier.



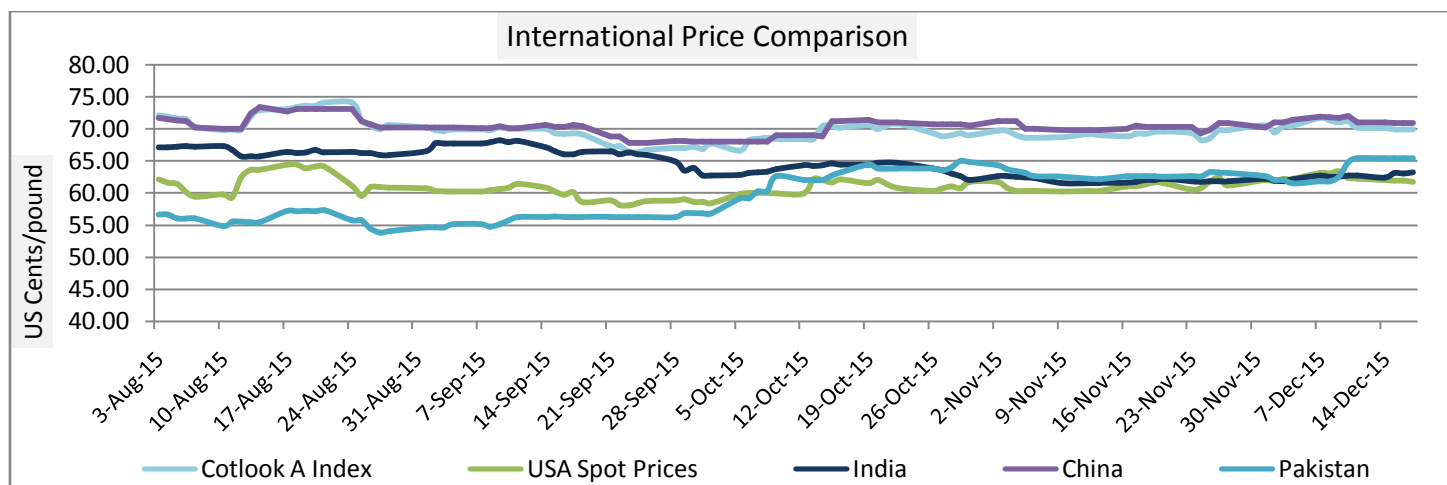
USA Spot Prices	Weekly Average Price as on		% Change
	17-Dec-15	10-Dec-15	
Prices	62	63	-1.59
Prices in US cents per Pound			

Pakistan Spot Prices

Pakistan cotton prices are falling due to the expectation of higher imports this season. Pakistan is likely to import around 435 thousand tons of cotton in 2015-16, more than double the amount it imported in 2014-15, which was 182 thousand tons. Reason for the same is fall in the production to 1.7 million tons in current season from 2.3 million tons previous season.



Karachi Spot Prices	Weekly Average Price as on		% Change
	17-Dec-15	10-Dec-15	
Prices	5385	5445	-1.10
Prices in Rs per 37.32 Kg			

International Price Comparison

Technical Analysis of Cotton Future (Mar'16 Contract) at ICE

Weekly Technical Outlook:

- Candlesticks denote overall range-bound momentum in the market.
- RSI is moving low in neutral region.
- MACD centerline and signal line are showing negative movements.
- We expect cotton prices to remain range bound.

Expected Price Range During Coming Week

Expected Trend	Expected Trading Band
Range-bound Momentum	62.40-64.80

Expected Support and Resistance

Support 1	Support 2	Resistance 1	Resistance 2
62.00	61.40	65.00	66.20

Figures in US cents per pound

*Trade Recommendation as published on 17 Dec 2015

Cotton Future Prices at ICE

Contracts	17-Nov-2015	Week ago	Month ago	Year ago	%W-o-W change	% M-o-M change	%Y-o-Y change
Dec-15	62.99	64.55	62.67	61.16	-2.42	0.51	2.99
Mar-16	63.79	65.20	63.38	--	-2.16	0.65	--
May-16	64.44	64.64	63.77	--	-0.31	1.05	--
Jul-16	64.15	65.23	63.76	--	-1.66	0.61	--
Oct-16	64.59	65.37	63.77	--	-1.19	1.29	--
Dec-16	64.89	--	--	--	--	--	--

Domestic Cotton Prices and Arrivals at Key Centers

Centre	Variety	Weekly Average Prices as on		Change
		18th Dec 2015	11th Dec 2015	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4185	4125	60
Khandwa	Mech-1	4125	4200	-75
Khargaon	Mech-1	4300	4200	100
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4665	4585	80
Rajkot	B.T. Cotton	4665	4540	125
Patan	B.T. Cotton	4575	4450	125
Deesa	B.T. Cotton	4495	4400	95
Dhrol	B.T. Cotton	4630	4535	95
Muktsar	B.T. Cotton	NA	NA	--
Fazilika	B.T. Cotton	NA	NA	--
Bhiwani	B.T. Cotton	4635	4510	125
Adampur	B.T. Cotton	4475	4375	100
Fatehabad	B.T. Cotton	4525	4385	140
Dabwali	B.T. Cotton	4385	4280	105
Jind	B.T. Cotton	4580	4360	220
Uchana	B.T. Cotton	4555	4405	150
Rawatsar	B.T. Cotton	4305	4260	45
Hubli	B.T. Cotton	4705	4565	140
Hathras	B.T. Cotton	4150	NA	--
Hanumangarh	B.T. Cotton	4515	4375	140
	Kapas			
Ahmedabad	Shankar-6	4595	4525	70
Gondal	Shankar-6	4665	4510	155
	Kapas			
Bhiwani	Desi	4534	4508	26
Jamner (Jalgaon)	Medium Staple	4225	4110	115
Hathras	Desi	3300	NA	--
Bijapur	Bunny	NA	NA	--

Hubli	D.C.H.	5685	5645	40
Raichur	H-44 Cotton	3955	4435	-480
Guntur	Un-Ginned	NA	NA	--
Kurnool	Un-Ginned	NA	NA	--
Krishna	Un-Ginned	4100	4100	Unch
East Godavari	Un-Ginned	4100	4100	Unch
Lint		Rs/Maund(of 37.32 kg each)		
Abohar	J-34	3455	3450	5
Muktsar	J-34	NA	NA	--
Fazilika	J-34	NA	NA	--
Bhatinda	J-34	3475	3465	10
Sirsa	J-34	3445	3415	30
Mansa	J-34	3440	3445	-5
Sri-Ganganagar	Kapas	4430	4280	150

Cotton Association of India Spot Rates (Cotton Fiber Prices)

Trade Name	Staple	Micronaire	Strength / GPT	Rs. Per Candy		Change
				18 th Dec 2015	10 th Dec 2015	
Bengal Deshi (RG)/Assam Comilla (101)	< 22mm	5.0 - 7.0	15	29720	29565	155
Bengal Deshi (SG)(201)	<22mm	5.0 - 7.0	15	30220	30070	150
J-34(202)	26mm	3.5 - 4.9	23	32040	31645	395
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	32360	32015	345
Shankar-6(105)	29mm	3.5 - 4.9	28	33180	32815	365
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33160	32815	345
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34060	33685	375
DCH-32(107)	34mm	3.0 - 3.8	33	45000	45000	Unch

State wise-summary of Weekly Prices

State	Prices 09-15 Dec 2015	Prices 01-08 Dec 2015	Prices 09-15 Dec 2014	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh	4130.41	4085.69	4023.73	1.09	2.65
Gujarat	4348.16	4291.91	4069.73	1.31	6.84
Haryana	4296.4	4290.81	3915.37	0.13	9.73
Karnataka	4660.79	4612.65	4276.12	1.04	9
Madhya Pradesh	4280.94	4141.89	4062.92	3.36	5.37
Maharashtra	4190.45	4152.66	4075.92	0.91	2.81
Orissa	4078.68	4095.75	4050	-0.42	0.71
Punjab	4370.76	4343.42	3958.6	0.63	10.41
Rajasthan	4323.17	4321.12	4107.22	0.05	5.26
Tamil Nadu	3502.14	3757.96	4047.98	-6.81	-13.48
Telangana	3999.96	4009.51	4018.4	-0.24	-0.46
Uttar Pradesh	4302.38	4275.1	4259.78	0.64	1
Average	4207.02	4198.21	4072.15		

Source: Agmarknet

Cotton Weekly Cumulative Arrivals:

Centre	Variety	Weekly Total Arrival (In Qtls.)		Change
		12th Dec to 18th Dec 2015	05th Dec to 11th Dec 2015	
Amravati	Mech-1	156000	134000	22000
Khandwa	Mech-1	11000	10000	1000
Khargane	Mech-1	NA	NA	-
Mahesana(Kadi)	B.T. Cotton	400000	550000	-150000
Rajkot	B.T. Cotton	24850	32900	-8050
Patan	B.T. Cotton	44180	108177	-63997
Deesa	B.T. Cotton	12175	10900	1275
Fazilika	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	1663	3516	-1853
Muktsar	B.T. Cotton	NA	NA	-
Bhiwani	B.T. Cotton	25000	33000	-8000
Adampur	B.T. Cotton	4930	5270	-340
Fatehabad	B.T. Cotton	6900	8000	-1100
Dabwali	B.T. Cotton	5515	6950	-1435
Jind	B.T. Cotton	770	1369	-599
Uchana (Jind)	B.T. Cotton	10700	12500	-1800
Rawatsar (Hanumangarh)	B.T. Cotton	7700	9000	-1300
Hubli	B.T. Cotton	362	442	-80
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	12000	16000	-4000
Ahmedabad	Shankar-6	328100	438600	-110500
Gondal	Shankar-6	20310	28647	-8337
Bhiwani	Desi	2500	3100	-600
Jamner (Jalgaon)	Medium Staple	310	220	90
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	220	320	-100
Raichur	H-44 Cotton	6272	6726	-454
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	NA	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	8500	7310	1190
Bhatinda	J-34	53890	51000	2890
Sirsa	J-34	13056	13940	-884
Mansa	J-34	2465	4590	-2125
Sri-Ganganagar	Kapas	2700	5400	-2700

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